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1939

# BUSINESS WEEK

NOV 6 1939

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Cash-and-carry business on the dock, headed for "a British port".

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Warner & Swasey plant, midnight, October 20, 1939

# *The Lights are going ON---not out*

Behind these lighted windows, Bill Smith, John Polsky, Sandy MacDonald—skilled American workmen all—are toiling 24 hours a day to give you Warner & Swasey Turret Lathes that will help you meet today's demands.

Old machines with their inaccuracies, waste, slow production, won't do. Your need today is for new turret lathes which increase production as much as 100%, improve accuracy, reduce and often end scrap loss, and often cut costs 50%. To give you these new Warner & Swasey's, on the day you want them as nearly as is humanly possible, is the reason we are working day and night.

The bright side of all this is that this period can be the means of ridding America of its all-too-obsolete machine equipment. Then when peace comes—and it will come—America can be ready to help rebuild a world that will need the materials of peace.



**YOU CAN TURN IT BETTER, FASTER, FOR LESS...WITH A WARNER & SWASEY**



## *Saved by a slide rule... from an avalanche of sugar*

Carloads of sugar, tons of canned goods — the wholesale grocer's normal warehouse stock — would have been like a pendant avalanche above the heads of the girls on the floor below.

But the grocer, insuring with American Mutual, called in an American Mutual safety consultant before leasing the building. The engineer, an expert on strength of structures, carefully computed the loads and stresses, foresaw the collapse of columns and timbers . . . tumbling the heavy stocks of food onto the floor below.

The grocer was advised to abandon his plans, to lease a building more suited for the heavy loads.

Fortunate was this business man that he regularly called in American Mutual for

free consultation on safety problems of equipment and methods, management and employees.

But even where catastrophes are not imminent, American Mutual policyholders find it good business to get the advice of our engineers, qualified as experts in almost all branches of industry. With their well-grounded recommendations, accidents are prevented, uninsurable hazards controlled, operating efficiency improved, our policyholders' insurance costs frequently reduced a third or more.

Such savings frequently exceed the policyholder dividend of 20% or more regularly returned by American Mutual and affiliated compa-

nies. Our record of 612 consecutive dividend payments exceeds that of any other American liability insurance company.

A third profit opportunity comes from restoring the services of injured workers through specialized medical treatment. It is also described in a booklet, "How 12 Companies Made \$1,247,299.96." Write for your free copy to Dept. W-5, 142 Berkeley Street, Boston, Massachusetts.

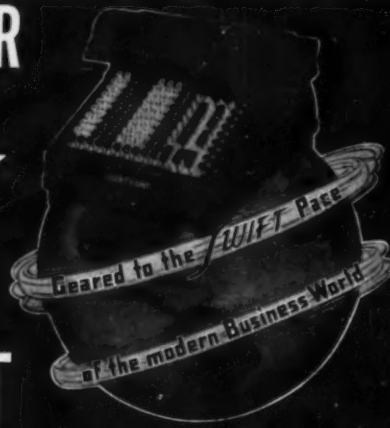


*get 3 profits with*  
**American Mutual**

**AMERICAN MUTUAL LIABILITY INSURANCE COMPANY, Home Office: BOSTON, MASS. Branches in 59 of the Country's Principal Cities**



# and ANOTHER "First"★ for MARCHANT *Silent Speed* CALCULATORS



FOR 29 YEARS Marchant has remained unrivalled in its creation of the many features indispensable to any modern calculator... unrivalled in providing business with the truly efficient automatic figuring it so profitably employs.

## Marchant leads with these "FIRSTS" in American commercial manufacture!

- ... in producing a rotary-type calculator!
- ... to make an electrically operated calculator!
- ... with electric carriage shifting!
- ... by years with electric dial clearance!
- ... and more "firsts" by Marchant: true figure dials for all 3 factors; automatic counter control; complete capacity carry-over; separate add and subtract bars; one hand keyboard control; "Silent Speed" continuously flowing dials and mechanism; automatic concurrent multiplication; etc., etc. ...

## and now... Marchant again leads with

- ... Selective Carriage Control... that increases figure production by automatically tabulating the carriage to next starting position... ready for instant operation... with or without simultaneous clearance of any or all dials!

First  
First  
First  
First  
First

★  
another  
First

29th  
year

29 YEARS of calculator "firsts"... 29 years of concentration on the creation of finer calculators... naturally Marchant dominates the field of figures in all 'round efficiency!

## MARCHANT

*Silent Speed* CALCULATORS

MARCHANT CALCULATING MACHINE COMPANY  
Home Office: Oakland, California, U. S. A.

Sales Agencies and Manufacturer's Service Stations in all Principal Cities

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MARCHANT CALCULATING MACHINE COMPANY  
1475 Powell Street  
Oakland, California 25W-11-4-39.

Without obligation, you may send data showing many ways MARCHANT CALCULATORS INCREASE EFFICIENCY AND REDUCE COSTS IN FIGURING.

Firm \_\_\_\_\_

Individual \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_

## THIS BUSINESS WEEK



The planes on this week's cover are just a few of the long line of Lockheed bombers which have been sitting, under wraps, on the docks at Los Angeles, impatiently waiting for the repeal of the U. S. arms embargo to get on the way to their ultimate destination—which is the Royal Air Force in Great Britain. What the revised neutrality legislation is going to mean to U. S. business is in the story on p. 15, with all the important details business wants, concerning what is and what isn't in the new law. A table on p. 43 furnishes a handy index to U. S. exports of war materials in the World War and post-war periods—what they were, and how much of them went each year—from 1914 to 1918, and from 1936 to 1939—to Great Britain, France, and Canada.

## Airplanes

PLANE MANUFACTURERS are up against a tough problem. They used to sit up nights worrying over how they were going to keep their engineers busy, keep plants running and payrolls paid up. Things are different now. They are worrying over how to get enough trained workers and how to handle the rush of orders. Even without embargo-lifting the industry faces the biggest demands in its history—p. 17.

## Toys

THE TOY INDUSTRY is doing all right too. It came through both the depression

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and recession with hardly a scar, and it's set for a 10% increase this year over 1938. And there won't be any dearth of toys as there was in 1914, for in the last ten years less than 5% of the toys sold in the U. S. have been imported. This happy state of affairs was discussed at the annual Christmas preview of the industry held last week under the auspices of the Toy Manufacturers of the U. S. A., p. 28. Toy manufacturing is no peanut industry either. Its stock for this Christmas adds up to the neat sum of \$235,000,000.

## TVA

THE TENNESSEE VALLEY AUTHORITY is one of the world's greatest water-power developments but it bought a lot of steam-generating stations this year. It thought it didn't have any use for the steam plants—just bought them up to make peace with the private utilities in the Valley. But TVA is finding good use for the steam plants now. The drought has so cut down the output of water-power that the steam plants are being used to meet the emergency—p. 20.

## Detroit

THERE HASN'T BEEN ANY LABOR RUCKUS in Detroit recently that can compare with the sitdown strikes in 1937 or the factional fighting within the United Automobile Workers of 1938-39, but, with three or four years of industrial union experience behind them, Detroit business and labor still admit to having enough problems to cause a lot of criticism in other parts of the country. "What's the matter with Detroit?" is the question that goes around. What is—p. 34.

## Fair's Finish

THE NEW YORK WORLD'S FAIR shut down on a cold, rainy day this week, with a grand-total attendance figure of 26,000,000. What industrial exhibits were the hits of the show, and why—and what lessons exhibitors learned, for use at the 1940 Fair—p. 22.

## Rail-Truck Row

THE JUSTICE DEPARTMENT'S SUIT charging the Association of American Railroads and 236 member roads with violating the Sherman Anti-Trust Law is due to clear up a lot of problems which have kept the railroads and truckmen fighting for years—p. 18.

## Metal

CHICAGO HELD its annual National Metal Exposition last week. The emphasis was on production control and test methods this year—not on a lot of fancy trade names. In all probability the aircraft industry has had a good deal to do with the playing up of improved quality. What the exhibitors had to show off at this year's show—p. 30.

# WHY ANTI-FRICTION BEARINGS?



**ONE OF THE FUNDAMENTAL REASONS FOR USING ANTI-FRICTION BEARINGS**

● Better production at lower cost for the machinery builders. Decreased operating expense, less maintenance and greater accuracy for the owner and user. These are some of the results of modern, simplified design.

In achieving these results, ball bearings are a tremendous aid. They make for greater compactness and rigidity. They eliminate the need for adjusting devices and other miscellaneous parts. And the machining incident to their application is less involved, makes extreme accuracy easier to attain. In many ways ball bearings—New Departure ball bearings—enable machinery builders to improve and simplify design.

For interesting brochure, BW7, "Fewer Parts—Better Design," write to New Departure, Division of General Motors, Bristol, Connecticut.



**80%  
FEWER  
PARTS!**

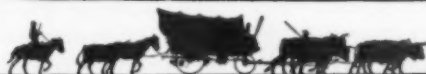
● By the use of New Departure Conveyor Roll Bearing, 80% fewer conveyor parts are used. Bearing maintenance is cut to zero! For the builder or user of conveyor and idler rolls, this is the most economical bearing available. Throughout the complete New Departure line are many other remarkable "new departures."

# NEW DEPARTURE



## BALL BEARINGS

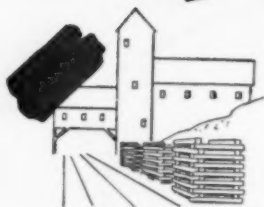
*Nothing Rolls Like a Ball*



NEW DEPARTURE... PIONEERS FOR FIFTY YEARS

KOPPERS HELPS MINE SAVE  
\$14,000 WITH

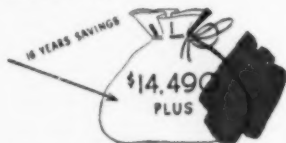
**PRESSURE-TREATED  
TIES**



A LARGE ILLINOIS MINE had been using, in its main haulage way, untreated oak ties which decayed in an average of three years.



IN 1923, the company decided to install ties pressure-treated with creosote to resist decay. Three thousand were installed. Their cost was \$1310 more than untreated ties.



AFTER 16 YEARS, these ties are still in good condition. To date this installation has effected a saving of \$14,490; additional service life will add to this saving.

**LET KOPPERS SOLVE Your PROBLEMS**

You may be able to make similar savings by the use of pressure-creosoted timber in some of your construction. Or by the use of some of these other Koppers products: Coal and Coke, Coal Preparation Systems, Coke and Gas Plants, Purification and Recovery Equipment, Boiler and Industrial Electric Power Stations, Industrial Chemicals, Creosote, Municipal Incinerators, Castings, Special Machinery, American Hammered Piston Rings, D-H-S-Bronze, Fast's Couplings, Material-handling Systems, Tarmac Road Tars, Coal Tar Pitch Roofing, Waterproofing, Bituminous-base Paints, Ships, Barges.

Koppers Company, Pittsburgh, Pa.

**K O P P E R S**

## NEW BUSINESS

### Sales Strut

"THOUGH THE TURKEY is supposed to be the national bird, a large percentage of the American people, particularly in the low-income class, know it only by hearsay," the National Sausage Casing Dealers Association, 1 Park Ave., New York, reports. It suggests the turkey frankfurter to bring the bird within the reach of many. The "turkeyfurter" is turkey, veal, pork, and bread stuffing in a sausage casing.

### What's New?

WITHIN the next two weeks, Peter Arno, the illustrator, will be marketing a custom-built automobile that "looks like a \$10,000 job, but will cost only \$2,900." It is a low, European-type sports body (4-seater, convertible) on a Mercury chassis lengthened 21 in. Color, top material, and leather can be specified by the customer. Arno started making layouts for it last May and will sell it through automobile dealers in New York City. He says he will turn out seven a week.

Fort Worth and Dallas men are organizing a new aviation company to manufacture a twin-motored, six-passenger plane made of plywood and costing \$5,000 less than a corresponding model all-metal ship. Three layers of plywood are cemented together with Bakelite.

One unique testing feature of a proving ground for trucks which International Harvester is building at Fort Wayne, Ind., is the "twist-course," a section of road cut diagonally by deep corrugations. The ups and down of truck life under working conditions will come under the torsion meters and calipers of International engineers.

### Adhibitions

A 120-PAGE SURVEY has just been published by the New Haven Chamber of Commerce ("An Economic and Industrial Analysis of New Haven, Connecticut," \$2). The city's industrial, commercial, governmental, educational, and social resources are illustrated with charts, pictures, and text.

Ray-O-Vac Co., Madison, Wis., battery manufacturer, makes an unusual guarantee for its new "Leak Proof Unit Cell." If it swells and corrodes a customer's flashlight, the company will replace not only the battery, but the flashlight as well.

### Awful Lawful

THE MINNEAPOLIS city council has passed an ordinance requiring stores which sell liquor as a sideline to have the main and reserve stocks of wet goods under time locks by 8 p. m., the legal closing hour. Failure to set the lock will

be prima facie evidence of violation. Liquor stores are not affected, of course, since they close anyway.

### Our Times

AN INTERNATIONAL wild duck survey in 1935 disclosed that about 80% of the duck-breeding areas of the mid-continental prairie in the United States and Canada had been destroyed by drainage and drouth. Ducks Unlimited, Inc., a non-profit association with 15,000 members, is damming marsh areas in Canada where most ducks now breed. While not enough has been accomplished to produce a bumper duck crop, the society believes its work has been directly responsible for 4,000,000 of the additional ducks which have flown southward in the last two years.

When a well got out of control recently, endangering a Montebello, Calif., oil field by spouting inflammable gas, a hurry call to a Hollywood motion picture



studio produced a wind machine, used in movie storm scenes, which blew the gas back from the hot boilers, let men with gas masks crawl behind the derrick and (after a two-day fight) shut off the flow.

A two-year coal research program is being planned by Pennsylvania coal operators, producers, United Mine Workers, and state officials. The \$70,000 program will be conducted at the State College in an effort to uncover better consumption methods and increased industrial uses for anthracite and bituminous.

### Add What's New?

"LIPSTICK PLUS" is a new Helena Rubinstein device which has interchangeable cartridges for the various color requirements that women seem to have from day to night. The refills, or replacements, are on metal bases which fit exactly in the case and guarantee that a girl won't smudge her fingers changing the load.

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# WASHINGTON BULLETIN

WASHINGTON (Business Week Bureau)

—Just a two months' rest for vocal chords worn by the arms embargo debate, and Congress will be back—all set to tussle with the White House on other issues of vital concern to business. Already in the forefront are the problem of foreign trade, pinched by our policy of neutrality, a relief situation which will not be much abated by rising employment, and continued agitation for an effective means of financing small business. Other issues—tax revision and the control of prices and profits—will mature more slowly.

## Fight on Reciprocal Pacts

FOREIGN TRADE was thrust into the Washington limelight not only by the neutrality issue but also by the attack of Gov. Vanderbilt of Rhode Island on the legality of the reciprocal trade pacts. Unexpectedly, Sec. Hull took up the challenge.

The fight will be on as soon as Congress reconvenes, for there are bitter-enders on both sides of the old controversy.

The Administration will defend the pacts to the last ditch, but leaders believe there is now a clear majority against negotiating them without Senate O.K. Nevertheless, outright repeal appears unlikely, for the Administration's line of defense oratory in the Senate is too strong.

The attack on the pacts will probably develop into a waiting campaign, with the agreement-making power of the Administration due to expire on June 12. Administration hopes to extend this power are not bright—in fact, they are based chiefly on the possibility of unexpected developments.

## Agreements Remain in Force

OUTRIGHT REPEAL would head off the Argentine agreement, expansion of the Belgian agreement, and all other new tariff-lowering pacts. Either repeal or death by June 12 would leave all agreements made up to that date in force—subject, of course, to direct mandates from Congress to terminate them on the stipulated six-month notice. Opponents scarcely have strength to do this against Administration-inspired filibusters, so a race against time by Cordell Hull is in the cards.

## Another Battle on Relief

WPA WILL BE A SORE ISSUE. More money will be needed and the Woodrum committee's investigation will set the stage for a battle with the White House in which both sides are likely to retreat

from the drastic curtailment of WPA voted this year.

## The Small Business Problem

SEN. MEAD will resume his battle for loans to small business, with Jerome Frank of the Securities & Exchange Commission and John Hanes of the Treasury backing him in principle if not in detail. Jesse Jones will play Horatio-at-the-bridge in this fight, saying RFC will do anything that's needed. Jesse may lose, but anytime he does it's worth front-page space.

## Presidential Bonnet Bees

BETS OF 3-to-1 that Roosevelt will not be renominated, with Garner boosters taking the long end, are almost as annoying to New Dealers as Sec. Wallace's insistence that Roosevelt should be.

Neither annoys Burt Wheeler, whose friends are getting more and more active. Incidentally, they are greatly pleased by John L. Lewis' command that Labor's Non-Partisan League boycott the conference of Western progressives. Burt's friends say this conference was aimed at him.

Paul McNutt positively purrs at all this activity, especially at Henry Wallace being slapped down and Burt Wheeler seeing things under the bed. Only fly in the ointment for Handsome Paul is Walter Winchell's tip that F.D.R. will run and choose his running mate from a list not including the No. 1 Hoosier candidate.

## To Keep Prices in Line

THE TEMPORARY NATIONAL ECONOMIC Committee will try to nail down the

whole price situation in hearings beginning about Nov. 20. The performance will have all the showmanship that Leon Henderson, the histrionic economist, of the SEC, can pack into it.

Another slant on the Administration's price-conscious attitude is furnished by talk of the proposal that the government use its buying power as a club. It is argued that the government, a big buyer of many commodities and likely to become bigger, can influence price trends materially by boycotting firms whose price policies find official disfavor. Such direct action has limits when supplies are urgently needed, but the Administration is adept in playing for psychological effects.

## Teamsters Lose a Round

THURMAN ARNOLD has tallied a quick score in his antitrust drive on the building industry. Two weeks after a District of Columbia grand jury had indicted the Washington teamsters' union on charges of restraining trade by trying to take jurisdiction over transit-mix trucks away from the operating engineers' union, a long-dormant committee named by the A.F.L. to settle the dispute held its first meeting, sat night and day, and then handed down a decision for the engineers.

The ruling, which applies nationally, restricts the teamsters' jurisdiction to vehicles used exclusively for hauling material. The teamsters' local is bucking, but its fight looks hopeless now that Arnold has managed to get A.F.L. off his neck.

## Oil Under Fire Again

HARD ON THE HEELS of "such a survey of the petroleum industry as has never be-

## TNEC Takes Steel in Its Stride



Wide World

Wide World

The steel industry this week went under the X-ray of the Temporary National Economic Committee for an examination that will start with the production of ore, go right on through marketing and pricing policies. Europe's war has put a sharp edge on a situation in which the industry's executives—among them

Ernest T. Weir of National Steel, president of American Iron and Steel Institute; Charles R. Hook of American Rolling Mills; Eugene G. Grace of Bethlehem; and Benjamin F. Fairless of U.S. Steel—will be on the alert to resist blunt hints from Washington to keep the lid down on price rises—or else.





## I'll Work For You

I AM A NATIVE-BORN AMERICAN

I BELIEVE IN FAIR PLAY

I AM A SKILLED WORKER—  
LEARNED MY TRADE FROM MY DAD

I DO A DAY'S WORK FOR A  
DAY'S PAY

I BELIEVE YOU OUGHT TO MAKE  
A FAIR PROFIT...IT'S PROTECTION  
FOR ME AND MY JOB

I'LL WORK FOR YOU

...And Here's Some More  
You Ought to Know

North Carolina has all the advantages that make production costs less in the South. Yet North Carolina is close to the big consuming markets. 55% of this country's population lives within a radius of 600 miles. Rail, highway and water transportation are unexcelled. Unlimited supply of raw materials. Tax structure that aids industrial growth. Ample power facilities. A State of medium size cities and towns...no industrial congestion. One of the first States to develop industry, North Carolina is business minded. Manufacturers seeking sound industrial advantages instead of "inducements" will find a warm welcome. Write today. Trained industrial engineers will supply specific information relating to your business upon request. Write Industrial Division, Room 2203.



**North CAROLINA**  
HOME OF SUCCESSFUL INDUSTRY

fore been made"—to quote Sen. O'Mahoney of TNEC—the "Cole oil" subcommittee of the House Interstate Commerce Committee will open more hearings on the industry Nov. 6. Rep. Cole's subcommittee (which made the 1934 inquiry, resulting in the Connally law banning interstate shipments of hot oil) was directed to resume work after President Roosevelt sent a message to Congress last summer suggesting a bill, later introduced by Cole, to give the federal government control over oil production.

Witnesses scheduled to be heard in first week of Cole hearings are strictly "federal control" advocates from Ickes' department.

### Investment Banking Probe

PEPPERING of the investment banking business will start before the Temporary National Economic Committee sometime in December. Segregation of depositors' money from underwriting activities, required by the banking act of 1933, has had salutary results, according to the SEC, but it's planning to give a big airing to other aspects of the business.

### Patman's Chain Tax—Again

BY REVIVING INTEREST in the Federal Trade Commission's spring probe into automobile maker-dealer relations, Rep. Wright Patman is trying to woo car-dealer support for his federal chain-store tax bill.

Patman is promising to revamp his bill so as to exempt only chain filling stations which handle petroleum products exclusively. Not only would chain stations handling tires and tubes be taxed but stations handling parts and accessories also would be hit.

What the National Automobile Dealers Association wants Congress to do about FTC charges that dealers are high-pressured by manufacturers is vague, but one influential Congressman is seeing red because a close kinsman recently lost his dealer contract, thinks there ought to be a law.

### Bonneville Power Deal

NEGOTIATIONS between the Bonneville Dam Authority and the Portland General Electric Co. for the sale of power have struck a snag on the question of resale rates. Administrator Paul J. Raver is insisting that any savings growing out of the proposed sale be passed on to consumers, no matter what agency serves the city.

He's "not going to be rushed" into signing a long-term contract with the Portland utility, asserting that 16 public power systems which now have or are negotiating contracts for purchase of Bonneville power will take all the output presently available. It's understood, however, that a temporary contract will be signed covering purchase of 25,000 kw.

Raver was in Washington this week to talk the Budget Bureau into recom-

## Ham and Eggs



The intensive campaign of the Ham-and-Eggers in California to get their \$30-Every-Thursdays plan approved on Nov. 7, even includes selling "Ham and Egg" bread. If Ham and Eggs get through it will be worse than crow for California's publicly-owned electric systems, irrigation and school districts, and other taxing units. A \$1 warrant with a 2¢ state stamp on it, if turned in within one week from the Thursday of its receipt, becomes legal tender for debt payment to any state or local government body—and California abounds with them. Best political opinion is that the scheme will be beaten, but even California Congressmen, with an eye on 1940, are inclined to pussyfoot.

mending a \$10,000,000 appropriation for the Bonneville development program for next year.

### "Mr. Smith" Backfires

TO THE DISMAY of the Will Hays' organization, the resentment of Congressmen at Frank Capra's picture, "Mr. Smith Goes to Washington," will be gleefully seized on by the independent movie exhibitors to push through the Neely bill to ban block-booking of films.

The bill passed by the Senate last session may be too hot for California Rep. Lea to suppress in the House.

Independent houses that have contracted for the Mr. Smith movie are advised by Washington headquarters of the Allied States Association to run a trailer announcing that the picture in no sense reflects actual conditions in the nation's capital.

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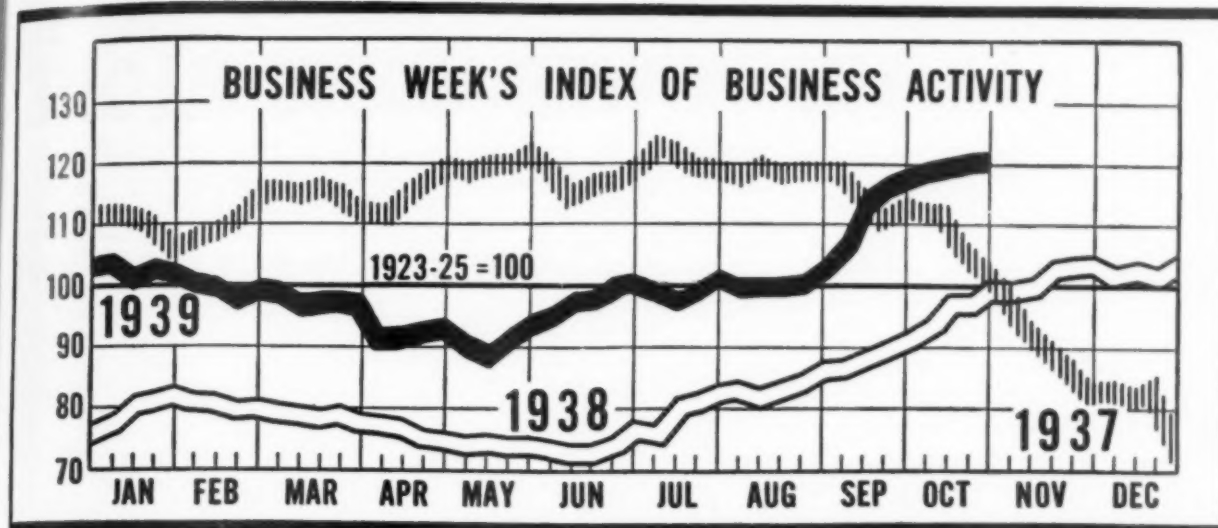
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## THE FIGURES OF THE WEEK



### THE INDEX

#### PRODUCTION

	Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
*Steel Ingot Operations (% of capacity).....	91.0	90.2	87.5	47.8	56.8
*Automobile Production .....	78,210	77,114	62,755	66,640	73,335
*Residential Building Contracts (F. W. Dodge, 4-week daily average in thousands).....	\$5,748	\$5,535	\$4,859	\$4,775	\$4,640
*Engineering Construction Awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$10,486	\$10,655	\$8,802	\$10,682	\$10,389
*Electric Power Output (million kilowatt-hours).....	2,539	2,494	2,470	2,183	2,226
Crude Oil (daily average, 1,000 bbls.).....	3,469	3,772	3,658	3,568	3,238
Bituminous Coal (daily average, 1,000 tons).....	1,742	1,738	1,533	479	1,357

#### TRADE

*Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	85	83	81	67	74
*All Other Carloadings (daily average, 1,000 cars).....	58	59	55	26	44
Check Payments (outside N. Y. City, millions).....	\$4,289	\$4,493	\$4,136	\$3,832	\$4,161
Money in Circulation (Wednesday series, millions).....	\$7,302	\$7,330	\$7,238	\$6,860	\$6,654
Department Store Sales (change from same week of preceding year).....	+11%	+9%	+3%	None	-9%

#### PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931=100).....	164.1	166.7	169.3	140.7	144.1
Iron and Steel Composite (Steel, ton).....	\$37.56	\$37.56	\$37.44	\$36.26	\$36.54
Scrap Steel Composite (Iron Age, ton).....	\$20.96	\$20.88	\$22.50	\$14.25	\$14.42
Copper (electrolytic, Connecticut Valley, lb.).....	12.500¢	12.500¢	12.000¢	10.250¢	11.250¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$0.83	\$0.83	\$0.85	\$0.71	\$0.65
Sugar (raw, delivered New York, lb.).....	3.06¢	3.30¢	3.67¢	2.92¢	3.10¢
Cotton (middling, New York, lb.).....	9.31¢	9.30¢	9.28¢	9.18¢	8.94¢
Wool Tops (New York, lb.).....	\$1.156	\$1.180	\$1.278	\$0.847	\$0.840
Rubber (ribbed smoked sheets, New York, lb.).....	20.39¢	20.09¢	20.00¢	15.85¢	16.81¢

#### FINANCE

Corporate Bond Yield (Standard Statistics, 45 issues).....	5.65%	5.63%	5.75%	5.80%	5.72%
U. S. Bond Yield (average of all issues due or callable after twelve years).....	2.51%	2.55%	2.74%	2.27%	2.47%
U. S. Treasury 3-to-5 year Note Yield.....	0.65%	0.70%	0.99%	0.48%	0.69%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	%-¾%	%-¾%	%-¾%	½%-¾%	%-¾%
Business Failures (Dun & Bradstreet, number).....	207	218	196	273	251

#### BANKING (Millions of dollars)

Demand Deposits Adjusted, reporting member banks.....	16,721	16,567	16,333	16,742	15,995
Total Loans and Investments, reporting member banks.....	22,657	22,563	22,419	21,775	21,493
Commercial and Agricultural Loans, reporting member banks.....	4,292	4,286	4,229	3,844	3,915
Securities Loans, reporting member banks.....	1,103	1,049	1,043	1,220	1,300
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks.....	10,854	10,798	10,609	10,300	9,841
Other Securities Held, reporting member banks.....	3,324	3,342	3,400	3,375	3,306
Excess Reserves, all member banks (Wednesday series).....	5,530	5,510	5,330	4,124	3,275
Total Federal Reserve Credit Outstanding (Wednesday series).....	2,771	2,817	2,846	2,580	2,580

#### STOCK MARKET (Average for the week)

50 Industrials, Price Index (Standard Statistics).....	125.6	126.8	125.0	106.8	129.7
20 Railroads, Price Index (Standard Statistics).....	34.9	35.4	35.5	26.0	32.0
20 Utilities, Price Index (Standard Statistics).....	70.1	69.7	68.5	63.7	68.7
90 Stocks, Price Index (Standard Statistics).....	102.8	103.5	102.1	87.4	104.5
Volume of Trading, N. Y. Stock Exchange (daily average, 1,000 shares).....	1,030	1,148	1,157	829	1,333

\*Factor in Business Week Index. \*Preliminary week ended Oct. 28th. †Revised. §Date for "Latest Week" on each series on request.

# SAVES \$2400 EACH YEAR IN POWER COSTS ALONE

**PROBLEM**—A large increase in production required the Rodney Milling Company of Kansas City, Missouri, to obtain additional power equipment.

**SOLUTION**—Because of the 20 years' excellent service received from its General Electric equipment, the company asked the recommendation of G-E application engineers. These engineers advised the installation of a large synchronous motor and certain capacitors and transformers, and these suggestions were adopted. The cost of the installation was \$14,700.

**RESULTS**—Successful 24-hour operation was assured, the power required per barrel was reduced, and the power-factor improved. The annual *extra* saving in power cost alone, because of more efficient operation, amounts to \$2400 a year—enough to repay the investment in six years.

**SUGGESTION**—Perhaps General Electric engineers can help you solve—profitably—some of your electrical problems. They are always glad to work with you, or with your consulting engineers, to obtain the best utilization of the latest electric equipment. General Electric, Schenectady, N. Y.

Dependability is difficult to include in specifications, but easy to get if you insist on General Electric equipment.

CASE NO. 91 TELLING OF OUTSTANDING RESULTS OBTAINED FROM THE USE OF THE RIGHT ELECTRIC EQUIPMENT

**GENERAL  ELECTRIC**

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# BUSINESS WEEK

November 4, 1939

## THE BUSINESS OUTLOOK

**Fourth quarter will be studded by production records. While financial markets question consumption prospect, department stores reveal heavy retail turnover. Business watches durable consumption goods.**

IT LOOKS LIKE the best fourth quarter since 1929 in most lines and all-time records for many. Steel operations, as represented by ingot output, have for several weeks been at the highest level ever seen in this country, and the quarter's average promises to be above 85% of capacity. The chemical industry is doing pretty close to the biggest business in its history, many companies are making more money than ever before, and already there are indications that plant expansion will be necessary, particularly in heavy chemicals and plastics. Paper mills, as a group, are sold out for the remainder of 1939 at the best prices in years. Electric energy production is making one all-time record after another, and the utilities' orders for generating equipment have so jammed manufacturers that it now is difficult to promise anything approaching prompt delivery.

### Making Production Records

These are some samples to which could be added a long list, most notably machine tools and aircraft. They're both doing far and away the largest business in the history of their industries. Fabricators in the non-ferrous metals field are operating at the highest rate since 1929, with the possible exception of brief intervals late in 1936 and early in 1937; they not only are manufacturing to meet orders on the books but are restocking inventories of finished and semi-finished materials.

### But Market Raises Questions

All this talk of immense order banks and of record and near-record production necessarily raises once again the question which vexes industry more than any other: How much of this inventory buying and ordering for future delivery can be justified in the light of consumption, present and prospective? To that question Wall Street so far has been unable to give a really optimistic answer. Stock prices quite clearly would be materially higher if they were based on fourth-quarter earnings and if traders believed the rate of business activity could be maintained well into next year. The financial district is worried about "profitless prosperity" after all the pronouncement

made in Washington about price policies; it is undeniably influenced by a handful of doleful predictions from New Deal economists on the outlook for the early months of next year; it is waiting, like many industrialists, to see if this really is a war and whether there will be any war orders.

### Consumption Problem

When it comes to the retail sales of durable consumers' goods, there is a long time-lag before adequate statistics become available for a measurement. If markets are to become glutted, if corporations are to shut off their purchases of raw materials while they work off manufactures made of the materials bought so wildly in September, it may quite possibly be that the cause will be found in the field of durable consumers' goods—things which cost real money and which may be manufactured at a rate substan-

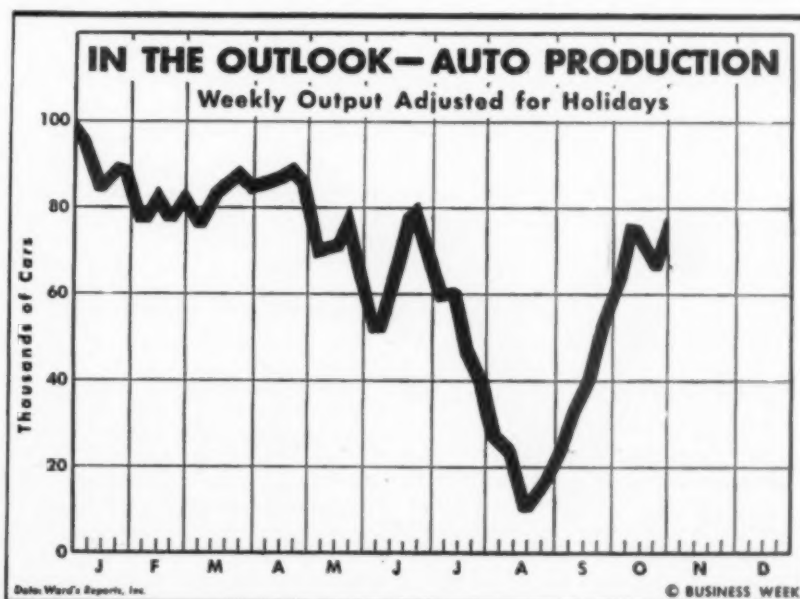
tially faster than the rise in reemployment and in consumer purchasing power.

### Department Stores Reassuring

On the other hand, there is plenty of indication that no such lag has been witnessed in non-durable consumers' goods (and it is to be hoped that this very fact indicates there has been no serious lag in durable items either). The guide to consumer purchases of non-durable goods is to be had in department store sales adjusted to eliminate gains of a strictly seasonal nature. The Federal Reserve Board's index of department store sales stood at 86 in July. It rose to 89 in August and to 92 in September. Present indications are that it forged ahead another 3 points to 95 in October.

This sustained improvement derives its greatest significance from the very fact that seasonal variations are ironed out of the index line. This measure of retail activity now duplicates the best mark of 1937, which, in turn, was the highest since early in 1931. And it has attained this peak at the time of year when department stores do by far their largest business of the year.

But the significance of these figures



Holding the auto shows early put the automobile industry off to a fast start this year, as the chart above shows. Yet ability of the industry to produce the much-predicted 1,200,000 cars in the final quarter of 1939

now seems to depend very largely on labor. And upon the attainment of something like that figure all industry in turn depends in a very large measure for continuance of the recovery in business.

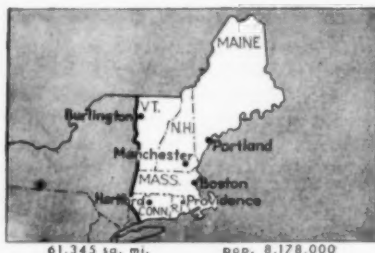
can be carried one step further. Never since 1930 has the department store sales index stood as high as 95 in the final quarter of the year. Thus volume of retail turnover in the 1939 buying season will almost certainly be the best witnessed since the last three months of 1930. If profit margins are maintained,

this probably means the best store earnings since the early months of the depression. But it also means that consumers are doing their best to justify the high hopes entertained by manufacturers.

Jobs are opening up and pay envelopes are fattening. These things help to sustain consumer purchasing. Extra divi-

dends and increased dividends for stockholders' Christmas stockings are a more important factor than in any recent year with the exception of 1936. The much-talked-of foreign orders so far are only a dribble, but there is an early promise of \$200,000,000 to \$300,000,000 for the aircraft manufacturers.

## The Regional Business Outlook



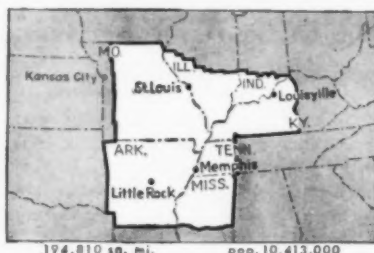
**BOSTON**—Production in heavy goods lines here has expanded nearly to capacity limits and continuation of present levels, rather than further expansion, is the basis of merchants' optimism. This district's steel mill rate is now at 100% of capacity. Manufacturers of textile machinery in and around Worcester are running full-time and expect to do so for six months to come. In the Bridgeport-New Haven-Waterbury area, copper and brass fabricators have had a swift upsurge of business since Sept. 1, and are averaging 90% of capacity on their production schedules. The government continues to be a heavy buyer of metal working equipment for its New England armory, arsenal, and navy yard.

An 85% rise in orders for Massachusetts textile industries in September is maintaining payrolls in cotton and woolen mills at the high levels previously reached. But buyers now are not urging too rapid a delivery on their orders, and this may presage cancellations later if anticipated consumer demand fails to develop. Purchasing agents, generally, have turned back from last month's policy of long term commitments, and are buying for only three-months delivery.

### Shoe Industry Lagging

Laggard of this area now is the shoe industry. Dipping definitely under last year's output in October, expectations are for 10% to 15% decline from 1938 in the next two months. Shoe towns like Brockton, Haverhill, and Lynn may have increased relief loads soon.

Business as a whole is stabilizing now. Merchants are again focusing on the consumer goods industries, wondering whether the easing, evident in some lines, will become general.

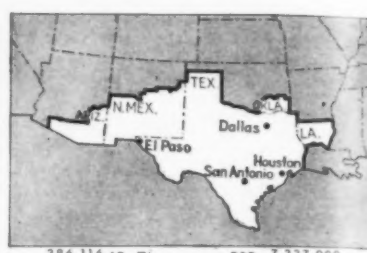


**ST. LOUIS**—Velocity of the business rise here appears now to have abated somewhat, yet lines in which some reaction had been anticipated by this time are still definitely in the plus column. For instance, continued strong demand has further boosted October output of lead and zinc mines. Filling orders of industrial consumers maintains coal production in Illinois, Indiana, and Kentucky, despite the restraint of mild weather on domestic consumption. And durable goods manufacturers—railroad equipment, electrical supplies and auto accessories—in the industrial area around this city are still increasing activity, partly because their previous upsurge was not quite so swift as elsewhere. (The steel rate here is 80%, while it is 90% for the country.)

### Losses Caused by Drought

But in the southern portions of this Reserve district the September-October drought has caused losses to grains, cotton, and fruits. Really hard hit are 27 counties in northeast Mississippi. There, help will be needed and plenty, although elsewhere farm income will come close to previous forecasts.

Some of the loss in purchasing power due to the drought may be offset by the Oct. 24 wage increases under the Wage-Hour law. But this latter may, in turn, cause some dislocations if rural and small town industries now gravitate back to the larger centers from which they have migrated. Legislation is concerning Southern Illinois oil producers, with a special legislative session expected shortly to take up proration. Meanwhile, the rise in petroleum output has slackened in the past two months. Some tapering off is generally expected due to the diminution of new completions.



**DALLAS**—Continued drought is tending to depress agricultural psychology in this district. Now that the cotton crop is practically out of the way, and little damaged by recent weather, the livestock outlook is causing increasing worry. Although the situation is not yet acute, production of grain sorghums and other feeds has been cut down, and in October the condition of the ranges was the poorest (for that month) since 1934. Nor has the weather favored the new winter wheat crop.

Nature is not alone in tempering war-induced exuberance here. With winter coming on and reducing domestic consumption, gasoline stocks at Gulf terminals will increase even faster than at present unless foreign demand picks up. There is also concern that a shortage of tankers may hold up the business that might develop. As a result of the new neutrality act, many tankers now American-owned, may be transferred to foreign title. So far, however, the oil industry is sailing along smoothly with no outward danger of a recurrence of the August shutdown.

### Gulf Coast Expansion

Heavy industries, largely on the Gulf Coast (Houston, Galveston) have expanded operations substantially of late. Here, again, the slowness of war orders to materialize is disturbing, although domestic orders are better than a year ago.

Satisfaction with the stability of this area's economic life is now replacing hopes for a war boom in merchants' thinking. They point to the record attendance at the Dallas State Fair, which went over 1,000,000. Country folks and working people do not go to the fair unless there is a little extra cash on hand.

*The Regional Outlook surveys each week three of the twelve business areas of the country.*



## Flexibility Is Key to Neutrality Act

**New legislation provides adjustable cash and carry program, drops credit restrictions and allows trade with belligerents remote from war area.**

AFTER SIX WEEKS OF DEBATE in Congress, neutrality legislation has simmered down to a half dozen rules which, in essence, allow Americans to sell almost anything to anybody providing customers actually at war come after the goods. In all cases, belligerent governments must pay cash.

The arms embargo is lifted; the 90-day credit clause is forgotten; shipping is restricted only in a relatively small area in Europe and along the east coast of Canada. But, even with the loosening of the credit restrictions in the final law, Congress has been careful to fix on the shipper full responsibility for deliveries to all belligerents.

Congressmen who support the measure declare that the major war risks have been removed and that the greater flexibility of the legislation in its final stages is a healthy means of maintaining business on a normal basis in regions far from actual war zones.

Opponents argue that the lifting of the arms embargo and easing of the credit limitations are a step toward war. Time will tell which side is right.

The legislation is not simple, and, in some sections, subject to various inter-

pretations, but the highlights can be sketched briefly.

Arms, ammunition, and implements of war may now be sold to any state, whether or not it is at war, if a license is granted by the National Munitions Board, and if payment is provided in cash. The foreigner must come after these war materials, for no American ship is allowed to carry these items to any belligerent nation in any part of the world. This means that Australia, like Britain and France, must collect any airplanes or munitions that it buys in the United States.

### Mostly Airplanes and Parts

"Implements of war" may be defined by the President. It is assumed in Washington that for the present the list will remain exactly the same as it has been for the last few years during which export licenses have been required for all shipments abroad. Almost 95% of all this business up to the time war was declared in Europe was in airplanes and parts.

Outside this limited list of goods, foreign trade with any country is only

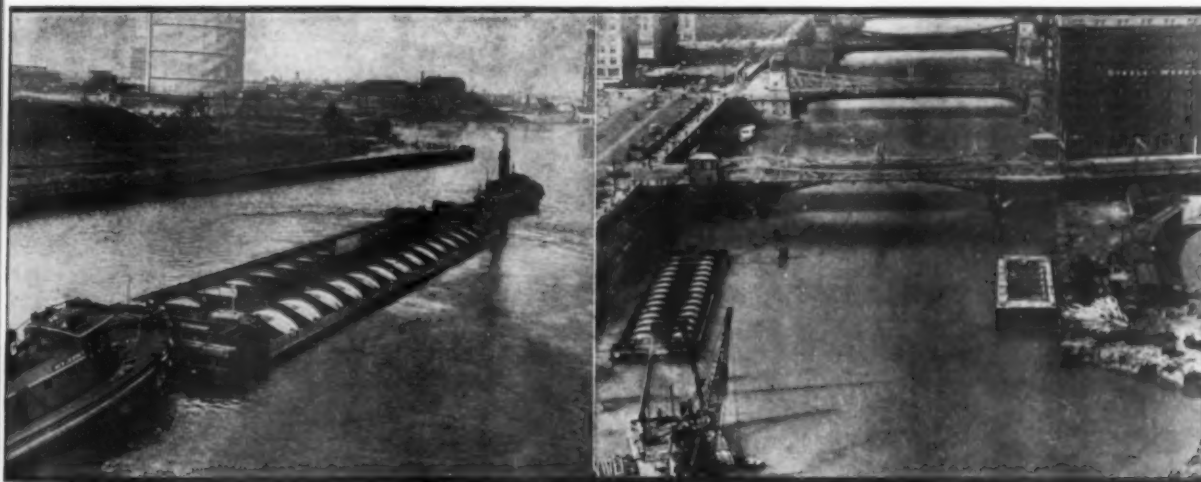
modestly restricted. Congress laid down a blackout area for American shipping (see map, page 16), but even within this area American vessels are allowed freedom of neutral ports unless the President later declares them within "combat areas." They are prohibited from entering belligerent ports. This puts an end to our ship services to Britain, France, and Germany, and cuts out some of the French and British colonial ports in the Mediterranean and the northwest coast of Africa. The United States Lines are the best known of the services which will no longer be able to operate normally, for their main ports of call have been the channel ports in both Britain and France, and Hamburg, Germany.

### Combat Areas and the Neutrals

The President is given the power, in the new legislation, to define "combat areas," regions which are to be declared danger zones and in which American ships will also not be allowed to operate. This might reasonably affect shipping to such important neutrals as Belgium, the Netherlands, and the Scandinavian countries. However, it need not mean an end to business with these nations for they are free to send their own boats after the goods which they may wish to purchase in the United States. And to the rest of Europe—Portugal, Spain, Italy, Greece, Turkey, and the Soviet Union—our vessels can continue to operate until the President declares given ports in combat areas.

Outside the blackout area, we are free to ship everything except war materials

## Chicago's Subway on Its Way to Work



It isn't a barge these tugs are towing, but a pair of 200-ft. steel tubes, with ends temporarily sealed, which will carry Chicago's new State St. subway under the Chicago River. The tubes were brought from the Graver Tank & Mfg. Corp. plant in East Chicago, Ind., down the Calumet River to Lake Michigan, and into the Chicago River, where they were moored along the

south bank. By Nov. 15 the tubes should be resting in a trench across the river bottom. (The slip, lower right, shows its location.) Then a cofferdam at each bank will be sealed to the sides of the tubes, the water pumped out, and the tunnel openings connected with the tube ends. The trench across the river is about 80% done; the hook-up ought to be completed by Christmas.

Chicago Tribune



in our own vessels even to nations which have declared themselves at war. This leaves us free to operate our vessels throughout the West Indies and to South America, most of Africa, and in the Pacific and Indian Oceans.

Beyond this ban on American shipping to belligerent zones in Europe, probably the most important restriction in the neutrality legislation is the requirement that title must be transferred on all shipments to belligerents (whether governments or private buyers) in the blackout area. Title on private shipments of everything except arms and implements of war to belligerents outside the blackout zone need not be transferred if carried on American vessels.

A bill of lading which states clearly that the goods shipped are to be passed unconditionally to the purchaser as soon as they are delivered to the ship at an American port will be accepted as a proper transfer of title.

All sales to belligerent governments (or their agents) must be on a cash and carry basis. Otherwise, credit terms on private deals are left unrestricted. The proposed 90-day limit on commercial credit is dropped.

#### More Leeway for One Belligerent

Canada, though it is a belligerent, is given privileged treatment. Shipping from East Coast United States ports is not banned to Canadian ports on the Bay of Fundy, and there are no restrictions on deliveries of goods by train or truck across the border, or through the Lakes.

Business now is waiting to see the new legislation in practice. On first reading it looks like a reasonable compromise be-

tween the over-cautious isolationists and the realistic traders who appreciate the peace value of continuing normal trade in regions far from the war.

## Goodyear's Surprise

**Tire price cut, in face of rising material costs, comes as bombshell to the industry.**

CRUDE RUBBER has gone up from 16.5¢ to 20¢ a pound since August. The tire industry has been deluged with orders placed in anticipation of a price rise. This week, Goodyear Tire and Rubber Co. announced, not a price increase, but sweeping retail reductions on every tire it makes.

The bombshell was exploded in full page advertisements in which Goodyear (largest of some 30 tire makers) declared that it "stands against unwarranted price increases." Reduction on some sizes amounts to 12.5%. Price of the firm's first line, G-100, 6.00x16 tire, drops from \$15.95 to \$13.95. The cuts, affecting tubes, too, went into effect Nov. 1.

Competitors were caught completely by surprise. Goodyear explained that it was passing on savings made by lowering costs through plant modernization and streamlining of the firm's distribution system. President Paul W. Litchfield pointed out that \$3,000,000 had been spent on modernization at Akron alone. In revamping its distribution system, Goodyear consolidated branches and depots, realigned territories, and set up eight major bulk distributing centers.

Price flurries are not new to the tire

trade. The replacement market has been plagued all year by a skittish price structure (BW—Aug 26 '39, p18). Even so, price cuts in the face of rising raw material costs are certainly as much of a novelty for tires as they would be for most lines.

Some observers have insisted for some time that retail and wholesale tire prices were out of line, and that dealer discounts were too great. Goodyear's move has affected dealer discounts, but not in sufficient measure to balance the retail slashes.

In all, the reductions will mean a decrease of more than 6% in the industry's profits recovery, preliminary estimates show. As in the case of "bargain counter" sales last summer, which Goodyear initiated, the whole industry is expected, however grudgingly, to follow along.

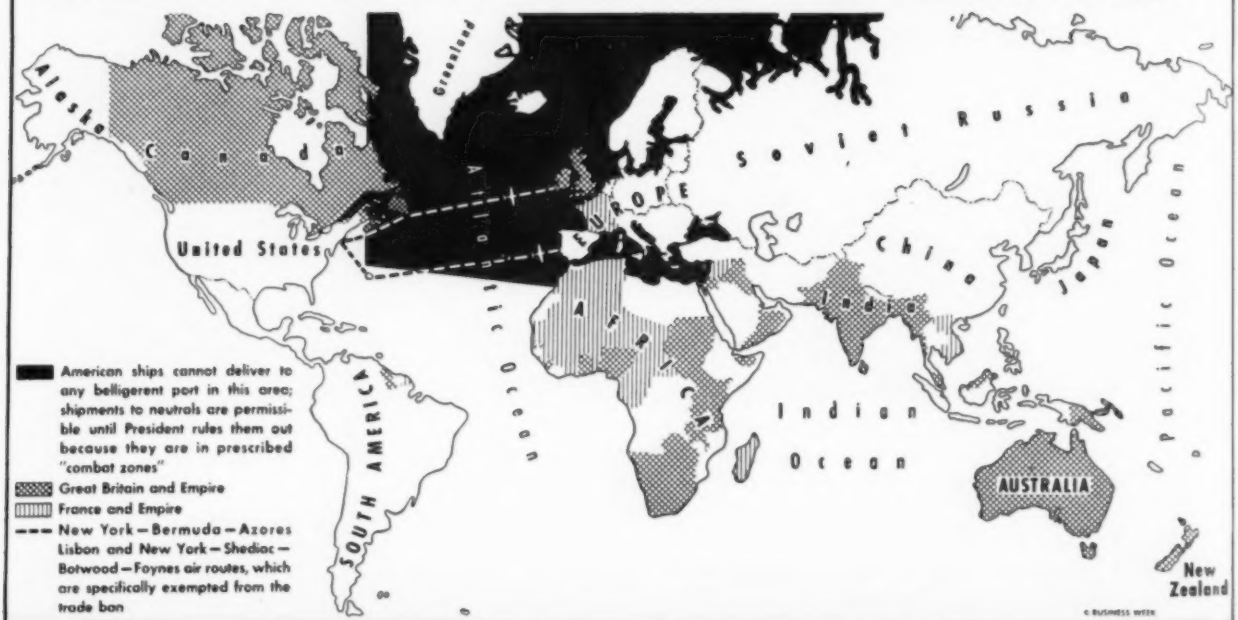
#### How Will Dealers Take It?

Observers are wondering what dealer reaction will be. It's a rule of the trade that rebates hold good only for 30 days. That means that dealers who have stocked up to beat an expected price increase will have to bear the entire loss on tires bought before Oct. 1.

Meanwhile, sales and production of tires are soaring toward the highest levels since 1929. Sales are expected to reach a total of more than 55,000,000 casings in comparison with 42,400,000 during last year.

Replacement tire business has been swelled by the fact that both 1936 and 1937 were heavy production years in the automobile industry. Much of the rubber sold with the cars in those years has worn out. Fine weather in September was another stimulant to tire sales.

## WHERE NEW NEUTRALITY LAW CREATES BLACKOUT FOR AMERICAN SHIPPING





Pacific Press



Douglas

Job applicants line up outside the Lockheed plant, and plane production goes full blast at Douglas, as the plane manufacturers wonder where they can find enough workers and how they can handle their flood of orders.

## Aviation's Worry Is Filling Orders

**Handling huge backlog without undue expansion of plants is industry's big problem. Personnel requirements tax training facilities. Subcontractors lined up.**

SITTING UP NIGHTS is nothing new for American plane manufacturers. In recent years, keeping engineers busy, plants running, and payrolls paid up has meant plenty of worry. Aircraft executives are still sitting up nights, but now their chief worry is how to handle the orders that are pouring in. And lifting the embargo will bring still more complications.

Few of aviation's crystal-gazers would have risked reputation by predicting in 1933 (the low point) that Army and Navy plane appropriations would be boosted well over 1,000 per cent by 1940. In that lean year the services between them put some \$16,000,000 on the line for aircraft and equipment. The 1940 (fiscal) appropriation for the same purpose (including "emergency" appropriations) is just over \$220,000,000, and, even if we succeed in staying out of the European war, the 1941 figures will probably be at least as great. Add to this the export business (including civil and military aircraft for neutrals, and military aircraft for belligerents ordered before the Neutrality Act went into effect) and the total United States order backlog already comes to some \$330,000,000. And new orders for export, said to be ready for signature with the lifting of the embargo, are estimated to total about \$100,000,000.

Geographically, this business is fairly well distributed, although a large share of it is reported in the hands of five or six West Coast manufacturers. Douglas is reported to have about a \$50,000,000 backlog, Lockheed \$30,000,000, North American \$27,000,000, Consolidated \$17,-

000,000, and Boeing \$26,000,000. In the East, Martin is reported as having \$66,000,000, Curtiss-Wright (planes, engines, and propellers) some \$50,000,000, and United Aircraft (planes, engines, propellers) \$48,000,000. Allison (General Motors) has about \$17,000,000 on its books.

And here are a few random items from recent accessory orders. Bendix and Kollsman Instrument are splitting a \$34,000 compass order; \$20,000 odd goes to Sperry for gyroscopic instruments; \$100,000 to Pioneer Instrument for oxygen regulator assemblies; \$205,000 to Pesco for vacuum pumps, etc., etc.

### Handling the New Orders

How to take care of new business without a mushroom expansion of plant and personnel that might be left high and dry is the question facing manufacturer and government alike.

In anticipation of present government business many plants have already expanded their floor space and personnel. Figures reported from Los Angeles County indicate the trends. Value of output of planes and parts from four airplane manufacturers in Los Angeles ran \$52,880,000 for the whole of 1938. For the first nine months of 1939, output has been over \$66,000,000. Comparing the situation as of Oct. 1, 1938, and Oct. 1, 1939, order backlogs jumped from \$65,486,000 to \$108,350,000; payrolls from \$17,600,000 to \$25,800,000; persons employed from 11,850 to 20,250. Since Nov. 1, 1939, some 490,000 square feet of floor space have been added at a capital investment of \$2,000,000.

It seems likely that American aircraft plants now have enough factory floor space to meet present United States rearmament demands. If, as is anticipated, foreign orders are placed in quantities that will require major plant expansions, the price mark-up will be made to cover the cost of additional factory space. Neither the United States government nor any United States manufacturer wants to be holding the bag when the show is over. We would, of course, be in a position to reap the advantages of increased capacity, however, if we became involved in hostilities at a later date.

### Industry Will Need Far More Men

Biggest problem yet to be solved concerns personnel rather than plant. It has been estimated that by the spring of 1940 more than 80,000 people will be required in the United States aviation industry, whereas averages for the past year have been about 45,000. But, if our program is to be accelerated, the personnel figure (for our own requirements) may run closer to 100,000 by next spring. Germany was known to have more than 200,000 at work in her aircraft factories over a year ago.

The aviation school business is now booming. Casey Jones School in Newark is reported to have 950 students enrolled against a previous 400 to 500. Similar increases are reported from Curtiss-Wright Technical Institute at Los Angeles, Ryan at San Diego, Parks at East St. Louis, and Boeing at Oakland. But the schools will not be able to supply the full demand. Several companies have installed apprentice courses in their own plants.

Important valve for production pressure is in farming out aircraft and engine parts and sub-assemblies to subcontractors. Greatest difficulty is to find plants and personnel with enough aviation experience. Administration procurement agencies are encouraging the use of sub-

contractors, and it seems likely that between 10 and 15 per cent of the total aircraft requirements will be sublet to smaller companies. On this basis the subcontracting business may run to a \$30,000,000 to \$40,000,000 total over the next two years, which is attractive enough to bring establishment of new sub-assembly plants.

Profit limitation under the Vinson-Trammel Act applies equally to subcontractors as well as to basic manufac-

turers. Where, until this year, manufacturers were limited to net profits of 10 per cent in any fiscal period, 12 per cent net profits may now be realized (after government audit). But the 12 per cent may be averaged over a period of four calendar years. Losses incurred for development and engineering in any one fiscal period may be made up in the next two or three years. Such profit limitations do not apply to customers other than the United States government.

## In Rail-Truck No Man's Land

**Trust case may bring legislation extending ICC authority on joint rates and through routes to motor carriers. Trial will air A.A.R. policy.**

WASHINGTON (Business Week Bureau)—The Justice Department's suit charging the Association of American Railroads and 236 member roads with violating the Sherman Anti-Trust Law (BW—Oct 28 '39, p13) is expected to "clear the atmosphere" over a no man's land in which railroads and truckmen have fought for years.

In defense of its policy against establishing through routes and joint rates with motor carriers—the subject of the suit—the A.A.R. claims that its object is to keep railroads from invading each other's territory. The truckmen claim that the railroads make route and rate arrangements with their own truck lines and, by excluding independents, aim to monopolize both rail and highway business. Establishment of rail-controlled truck service where truck service already is available results in unnecessary duplication, the motor carriers contend.

### ICC's Powers May Be Increased

The Interstate Commerce Commission has no authority to require rail and motor carriers to establish through routes and joint rates, although it has such authority over railroads and water carriers. Commission officials welcome Assistant Attorney General Arnold's move because the upshot, even if the case goes against him, may be support in Congress for an appropriate amendment of the Motor Carrier Act. Such an extension of the ICC's powers was unanimously opposed by railroads, truckmen and shippers when suggested by Transportation Coordinator Joseph B. Eastman while Congress had the motor carrier bill before it in 1935. The railroads did not wish to associate with what they called "irresponsible" motor carriers. The truckmen feared the railroads would gobble the long haul. The shippers, apparently, suspected that rail-truck operation would raise the cost of over-the-road transportation.

The A.A.R. disputes the charge of conspiring to restrain trade. The Depart-

ment of Justice is expected to produce evidence from the association's records that, when the A.A.R. threw its weight against continuance of the office of "Transportation Coordinator," occupied by Mr. Eastman, it was with a pledge that the railroads voluntarily would undertake coordination of transportation facilities. There are precedents aplenty in the government's case book to show that the courts have not construed federal regulation of the railroads as immunizing them from the anti-trust laws, except with respect to consolidations approved by the ICC.

Reports that Homer Cummings, who resigned as Attorney General last January, would be retained by the railroads in the present case were denied by Cummings' office. At A.A.R. headquarters it was stated only that R. V. Fletcher, its attorney, would head defense counsel.

### Railroads That Have Truck Subsidiaries\*

Atchison, Topeka & Santa Fe  
Boston & Maine  
Central of Georgia  
Chicago, Burlington & Quincy  
Chicago Rock Island & Pacific  
Denver & Rio Grande Western  
East Tennessee & Western North Carolina  
Erie  
Kansas City Southern  
Minneapolis & St. Louis  
Missouri Pacific  
Northern Pacific  
Pennsylvania  
St. Louis—San Francisco  
Southern Pacific  
Texas & Pacific  
St. Louis Southwestern

\*Most of the truck lines are identified by use of railroad's corporate title or some part of it. Exceptions: Motor Express, Inc., of Indiana, operated by the Erie, and the Scott Brothers and Willett Co. truck lines, which are subsidiaries of the Pennsylvania.

Trial is expected to bring out evidence that the Baltimore & Ohio Railroad and Keeshin Motor Express Co. sought several years ago to establish joint rates covering a large volume of traffic, but that Daniel Willard had decided he could not join in publishing the rail-truck rates until his fellow directors on the A.A.R. cancelled the declaration of policy first adopted in September, 1935 and reframed in June, 1937. The tenor of that declaration was that the railroads would refrain from establishing through routes or joint rates with motor carriers which invaded territory served by other roads. Members also were notified that it was not desirable for rail carriers to enter into joint billing arrangements with, or to advance charges to, motor carriers except those operating within a terminal district.

American Trucking Associations, Inc. has turned over to the Department of Justice correspondence solicited from truck operators in which they recount their experience with the railroads. This correspondence purports to contain instances in which railroads told motor carriers that they would like to participate in joint arrangements, but felt that they had better not do so in view of A.A.R.'s policy.

### For Auxiliary Service

In authorizing railroads to acquire existing motor carriers or in allowing them to establish new routes, the ICC has held in general that the truck operation must be auxiliary to the railroad operation.

On the question of using independent truckmen for auxiliary service, the ICC held in the case of the Kansas City Southern that it was not practicable, but in a pending case involving the Louisville & Nashville there is evidence which the commission may accept as supporting a contrary finding. When the Union Pacific, the Burlington, and the Chicago & North Western sought to acquire jointly the Union Transfer Company of Omaha, the ICC turned them down—on the ground that, while the law did not preclude such multiple ownership, the service proposed by the roads apparently would cover new territory as well as their own. Chicago, Milwaukee, St. Paul & Pacific evidently felt that its traffic would be raided as it strenuously opposed the application.

### How Much in Trucks and Buses?

The railroads have gone into the truck and bus business rather extensively, mainly through subsidiary or affiliated companies. The only information on the extent of their financial interest is an ICC survey which showed that in July, 1936, the aggregate par capitalization held by railways, or some intermediary, in motor carriers was \$43,000,000. Of this, \$36,000,000 was in bus companies, \$6,000,000 in truck companies and \$1,000,000 in unclassified operations.



**WAYS  
to  
SAVE TIME  
in an  
OFFICE**

## **30 PRACTICAL IDEAS THAT ARE HELPING BOTH LARGE AND SMALL OFFICES**

**Suggestions for locating  
and eliminating the use-  
less, costly operations that  
handicap office employees**

### **Typical Comments by Executives Who Have Read This Booklet**

"One suggestion alone enabled us to eliminate a severe peak load in our billing."

"We reviewed your booklet very carefully and have already changed our procedure to conform to suggestion No. 18."

"We sent a copy of the booklet to each of our foreign branches and asked them to use it in checking office operations."

One or more of the thirty practical ideas in this booklet may help you eliminate a needless, costly operation that is slowing up the work in your office. Each suggestion is clearly explained and easy to understand. The demand for "Ways to Save Time in an Office" has already necessitated a fourth printing. For your free copy, telephone your local Burroughs office. Or, if more convenient, write on your own letterhead to—  
**BURROUGHS ADDING MACHINE COMPANY**  
6011 SECOND BOULEVARD, DETROIT, MICHIGAN

# **Burroughs**



*Hiwassee, one of the Tennessee Valley Authority's seven major storage dams, is scheduled for completion in 1940. On the Hiwassee River, some 75 miles above the junction of the Hiwassee and Tennessee, it will hold 370,000*

*acre-feet of water, to supply the Tennessee when it drops in summer. Though the other lakes are low now, Hiwassee is not yet ready to help TVA supply electricity from its own plants.*

## TVA Water Power Turns to Steam

**Private plants bought "for sake of peace" needed for sake of power as drought hits valley. Lilienthal will ask money for more.**

THE TENNESSEE VALLEY AUTHORITY is one of the world's outstanding water power developments, but it bought a lot of steam generating stations this year. The idea was to take over the private utilities in the valley and settle a bitter, protracted fight. TVA, in fact, bargained on the contention that it didn't have any use for the steam plants and was buying them for the sake of peace.

And now, just a few weeks after formally taking over the plants and customers of the private companies, the Authority not only is using the old steam plants but would be in a pretty pickle without them!

It's the drought. All autumn there has been a serious moisture deficiency throughout the Great Plains and it has spread farther and farther over the South and the Southeast. The lake backed up by TVA's Norris Dam is more than 20 ft. below the crest and stands to shrink further before the usual season of heavy winter rains.

Generating stations down the river have been called upon heavily to provide the power which Norris is failing to supply. An old timer, the steam plant at Hales Bar near Chattanooga (formerly belonging to Commonwealth & Southern) is doing its best to meet the emergency. Steam plants at Nashville and Memphis also have been operated, but the World War station which TVA inherited at Muscle Shoals is so antiquated that it is still idle.

Briefly, the situation can be reduced to figures something like this: TVA, with its

own and the private companies' customers, finds that it has a peak load of some 609,000 kw. Its installed hydro-electric capacity is 446,000 kw. and it acquired 140,000 kw. of hydro from the private companies taken over. Little of the 205,000 kw. of steam capacity would be needed to meet demand under ordinary circumstances.

But with Norris Dam's output curtailed, the steam plants will be very important until late next year when hydro totaling some 188,000 kw. will have been added at the Guntersville, Chickamauga, and Hiwassee projects. In fact, at present the down-river plants are feeding juice eastward to take care of Norris' customers whereas the TVA's lines are built for a flow to the west. It isn't exactly like trying to make water run uphill, but there's a material loss of efficiency when current feeds the wrong way on the line, and that heightens TVA's present problem.

### Not Bargain-Rate Power

The Hales Bar plant in particular is feeding power to the east. Part of its output goes to private companies to the south and east to which TVA sells power, and part goes to the Aluminum Co. of America. Unable to supply hydro energy at its contract rates, TVA is forced to sell this steam-generated power at higher prices. It's not in any way bargain-rate power, as incorrectly implied in a recent dispatch from Washington appearing in these columns (*BW—Oct 21 '39, p8*). Alcoa gets no bargains from TVA.

From all of this it may be seen that TVA has its problems. Its yardstick rates are warped by steam costs. It couldn't fill up its lakes last winter for fear of floods this spring; it hasn't been able to nurse along the scanty summer and fall supply of water because of the down-river barge channel which has to be kept in service (and TVA is sparing no effort to prove that its primary purposes are flood control and navigation, with power generation second as it contended in the courts).

If this winter's rains aren't heavier than usual, TVA will carry its problem over into 1940. The hydro situation could, quite conceivably, be even worse next year.

### Will Ask Money for Steam

But, if rain clouds right now would be mostly silver lining for TVA, it is not to be assumed that the blue skies these last few months have been all to the bad. They have given TVA Director David Lilienthal a big talking point.

He has found that the steam plants he bought hadn't been modernized for years because their former owners couldn't spend money on them when faced with government-subsidized competition. He has demonstrated that he needs more modern steam equipment for emergencies. And it's a thinly veiled secret that he will go to Congress with a plea for new appropriations to build such steam plants.

If private operators snicker up their sleeves at the vision of the great yardstick hydro project going to steam, perhaps they may be pardoned.

Even though nearby Duke Power, Georgia Power, and Alabama Power are adding to their capacity, they won't be able to lend a helping hand for some time. The new Guntersville power house with its 48,600 kw. won't be operating for a couple of months, and Chickamauga and Hiwassee will be still later.

How many of these questions about life insurance can you answer?



1. How much of my income should go into life insurance?



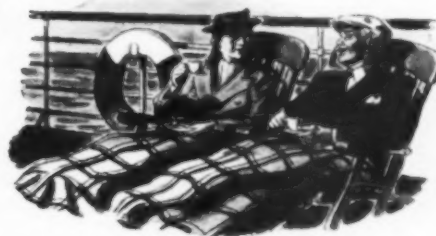
2. What form of settlement will be best for my family? Monthly check? Lump sum? A combination of both?



3. Should I reserve the right to change the beneficiary at any time? With my wife as beneficiary, should I name my child, or children, "contingent" beneficiary?



4. What is the best way to arrange my insurance program to assure the education of my children?



5. Can I make provision under an ordinary life policy so that my wife and I may receive a life income in later years?

THESE are some of the things people frequently want to know—and should know—about life insurance.

► Is it difficult to get the answers to questions like these? Not at all—you need only ask your life insurance agent.

You will find that he considers it his business in life to be of service to you. You will discover, too, that his experience with problems similar to yours has given him the necessary background to help and advise you.

You would understand why this is so if you could "sit in" on a few of the many extensive training courses which Metropolitan, for example, maintains both at the Home Office and in the field, in order to help its representatives to serve policyholders better.

► Last year, for instance, with 122 instructors continuously engaged in carry-

ing on Metropolitan's educational program, 1,146 agents received intensive instruction in the company's schools...

3,113 representatives enrolled in the company's correspondence courses... and almost 1,000 were enrolled in the course which, when completed, brings the coveted designation "Chartered Life Underwriter." In addition, Metropolitan constantly issues instructive material for the benefit of its agents.

► So if you own a Metropolitan life insurance policy, and desire any information whatsoever about your insurance—see your agent. If he doesn't know the answer, he knows who does. He has merely to consult one of the Metropolitan specialists who stand ready, at all times, to help him serve policyholders to the utmost.

► If you prefer, don't hesitate to consult the company's nearest district office, or write directly to the Home Office. The

company welcomes such inquiries from its policyholders. And, naturally, there is no charge for the information you receive.

COPYRIGHT 1939—METROPOLITAN LIFE INSURANCE CO.

This is Number 19 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. Copies of preceding advertisements will be mailed upon request.

## Metropolitan Life Insurance Company

(A MUTUAL COMPANY)

Frederick H. Ecker,  
CHAIRMAN OF THE BOARD  
Leroy A. Lincoln,  
PRESIDENT

1 MADISON AVENUE, NEW YORK, N. Y.







An empty seat was an exception in General Motors' Futurama.

## MARKETING

ADVERTISING • MERCHANDISING • SELLING

### What Shows Pulled at the Fair?

**As New York show closes, exhibitors prepare for 1940 by studying the merchandising lessons which 26,000,000 visitors taught them this year.**

IN THE SIX MONTHS which ended at 2 a.m. on Wednesday, Nov. 1, some 26,000,000 people slogged around a 1,200-acre tract of land that Long Islanders used to call "Corona Dump" or "Flushing Swamp" before Grover Whalen gave it a \$156,000,000 beauty treatment.

Not one of these folks saw the whole of the New York World's Fair. Nobody could. Chicago's Century of Progress was vast enough, but it was only a third as big as Mr. Whalen's baby. And the Paris Exposition of 1937 could have been dropped right inside the amusement zone of the World of Tomorrow.

#### Getting at "Secret of Success"

Sixteen hundred manufacturers competed for the public fancy—and a comparative handful ran off with the major share of attention. Why did some exhibitors succeed? Where did others fail? What were the most effective appeals?

Manufacturers who plan to be on hand when the show opens its second run next spring are busy studying the answers. Merchandisers everywhere are probing the record for new advertising and selling lessons.

There is, of course, no way of getting at the precise return-per-investment of individual manufacturers. Almost all exhibitors have prepared attendance esti-

mates, but any exhibitor will tell you how unreliable his competitor's figures are. BUSINESS WEEK found no exhibitor who would admit to drawing less than 7% of the fair's total attendance, none who claimed more than 40%.

Of course, there's more to determining the success of an exhibit than dividing its cost by the number of visitors. Of equal importance is the quality of the

impression—good or bad—and this is impossible of accurate measurement.

Almost without a dissenting vote, General Motors' Highways and Horizons exhibit was acknowledged the Fair's most talked-of attraction. Its hit, of course, was the "futurama" (BW—Sep. 23, p. 27). In 600 moving chairs, equipped with a sound device which served as a private guide, visitors toured a vast miniature cross section of America as Designer Norman Bel Geddes thinks it may look 20 years from now. Covering an area of 35,738 square feet, the futurama was by far the largest and most realistic scale-model ever constructed. It had more than 500,000 individually-designed buildings, more than a million trees, and 50,000 scale-model automobiles, a fifth of which were in actual operation over super-highways, speed lanes, and multi-decked bridges.

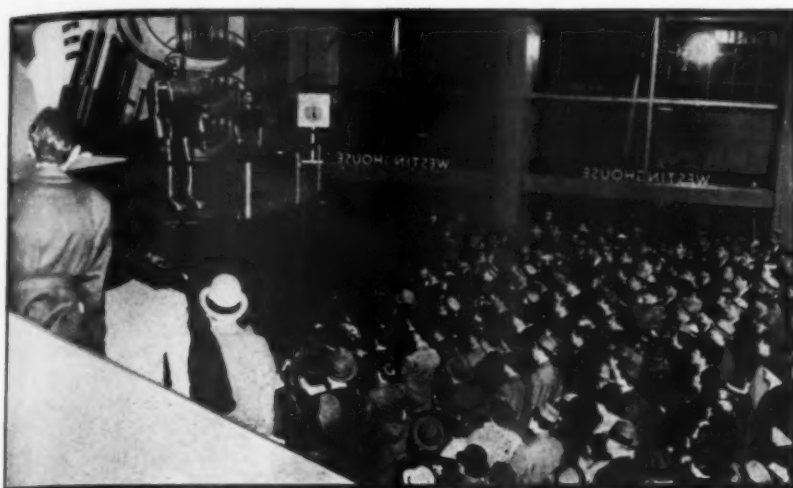
#### Customers Like the Chairs

G.M.'s moving chairs have been branded both an inspiration and a curse. They made the six or seven million dollar exhibit—most expensive at the fair—attractive to capacity crowds from opening to closing time every day, but they also imposed a very definite limitation on the number of fairgoers who could see the show. The speed with which the chairs traveled around the futurama made it impossible to accommodate more than 28,000 a day—many of whom had to wait two or three hours—while other less expensive exhibits attracted and accommodated much greater crowds. Nevertheless there is a suspicion that when the fair opens next spring, somebody else will have installed a conveyor belt for customers.

A good many exhibitors, when asked what other companies had done an outstanding job at the Fair, nominated Eastman Kodak and American Telephone & Telegraph. Eastman's main feature was the darkened Hall of Color, where tiny Kodachrome slides, prize-winning shots



Most Fair visitors bent an ear to General Electric's talking kitchen.



*Elektro and his pretty prompter packed them in for Westinghouse.*

in full color, were projected to an enlargement of 50,000 times on huge 17 x 21 ft. screens—a stunt that packed terrific dramatic wallop. Each of the pictures on the half dozen or so screens was related to the others. As they faded in and out an accompanying voice connected them into a moving story. Here was one of the best combinations of motion, color, and sound at the Fair.

Chicago's Fair taught the lesson that people like an exhibit in which they can participate—even if they do no more than sign their names—and A.T.&T. again proved the validity of that principle in New York. Few things are more commonplace than the telephone. Yet A.T.&T. packed its big building by letting customers draw for the privilege of making free phone calls to any point in the United States, while other folks listened in. And there were always standing lines for the hearing test and for the voice mirror, which enabled visitors to hear their own voices.

#### **Human Element Helps a Lot**

Too many exhibitors forgot the human element—still one of the surest of all attractions. A pretty girl telling a simple, friendly story is worth a dozen mechanical contraptions. A.T.&T.'s Voder, the organ-like device that talks like a human, played to capacity crowds—thanks in good part to the girl operator who worked its keys and pedals. She had to screw up her face and concentrate hard to get the Voder to say "Schenectady" and "totalitarianism."

Mechanical men of varying capabilities were a dime a dozen around the fair grounds. Those that were unattended were fizzes; those with capable human stooges were notable successes. Westinghouse's Elektro had 26 tricks that included walking, talking, and smoking, but he too owed much of his popularity to his pretty girl prompter.

One of the best humanizing jobs was done in the cooperative glass building,

where the main attraction was glass blowing. The operation itself was intrinsically fascinating, but visitors' interest was heightened immeasurably when a little dramatization gave the workers reality and personality. An announcer told how long each man had been working as a glass blower, how he had to start as an apprentice and work up, how only "Uncle John"—the chief—was permitted to do the final polishing on delicate glassware.

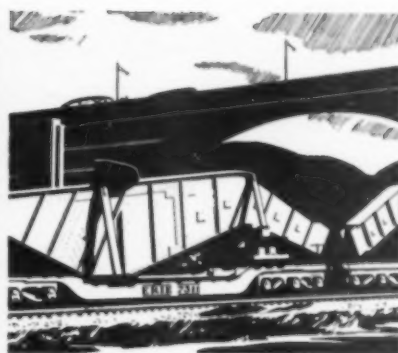
"What some exhibitors forget," said one veteran of previous fairs, "is that a world's fair is a social event. Folks don't come here to be sold something; they come to be entertained. The important thing is to represent your company in such fashion that people will get an impression of honesty and friendliness along with efficiency."

#### **Consumer Goods More Skillful**

Certainly, some exhibits were dragged down by the millstone of incompetent personnel and inadequate "comfort" facilities (although the latter were vastly improved over Chicago's Fair). By and large companies making consumer products did a better job of contacting the public than did the industrial-goods producers. Ford did a particularly good job. Visitors were never hurried through the Ford building; there was always an attendant available who could explain technical matters in layman's language; and, most important, there was a spacious garden court where visitors could sit at shaded tables and listen to restful music.

A show's the thing, of course. Pure science was served to the public as unalloyed entertainment in General Electric's House of Magic. Not many in the packed audiences understood the significance of the tricks they saw performed with thyatron and stroboscopes. But they came away thrilled, mystified, and soundly sold on the company. Du Pont's wonder-work with chemistry got the same reaction.

Symbolism isn't enough. Museum dis-



## **HIGH, WIDE— and HANDY**

● When you have a big shipment—and we mean BIG—a 120-ton bridge girder, for example, or an oil refinery fractionating tower, just turn it over to Erie. You'll find that Erie really deserves its reputation as America's Heavy Duty Railroad.

Even the bulkiest loads pass swiftly, safely through Erie's high, wide clearances. And to speed shipments, millions of dollars' worth of special handling equipment is spotted along the route of the fast freights.

Erie service is handy, too—as near as your nearest telephone. Phone the Erie Agent on your next shipment—whatever it may be. Let him explain the money-saving advantages of the service that's made Erie "First in Freight."



plays don't stop people; they'll go on to the marionette show or motion picture at the next exhibit. Swift and du Pont were two who did a thriving business with marionettes and Macfadden Publications were among the many who used motion pictures. The movies would seem to be an ideal vehicle for the exhibitor who has an intangible to sell, as Macfadden did in putting across the benefits of advertising.

The "solid" exhibits at the Fair were the ones showing manufacturing operations. Firestone, Ford, Chrysler, White Owl cigars, and Swift were among those who found a sure-fire attraction in letting the public "watch the wheels go 'round."

Drama of the breath-taking variety packed 'em in for Goodrich. Stunt driving by Jimmie Lynch and his daredevil troupe gave Goodrich Silvertowns more abuse in ten minutes than most tires get in a year. Not infrequently cars overturned, and the customers loved it.

#### Architecture Must Be "Magnetic"

As for the architecture of the show buildings, most exhibitors are now willing to admit that they could profitably redesign so that exteriors would offer a stronger invitation to come on in. The Westinghouse exterior, for one, had a real "hook" in it. The building's two wings were both glass-fronted. Passers-by were first attracted by a giant swinging pendulum; then they saw the crowds inside and could hear, faintly, the mechanical man talking.

The need of "having something happening" seems primer obvious, yet many of the smaller exhibitors failed because of static displays. Particularly guilty in this respect were some of the business machine manufacturers, who did little more than arrange their products in rows with

"don't touch" signs. Others, smarter, got the crowds by inviting the public to sit down and try the machines. Underwood-Elliott-Fisher had a grand attention-getter in the "world's largest typewriter," a massive machine twice as high as a man's head. It actually typed huge letters—but much of the time it stood idle. Seasoned exhibitors say that if it had been kept clattering, it would have pulled bigger crowds.

One sure way to attract a crowd was to offer souvenirs or samples. Yet there were probably fewer free offers than at Chicago. And some of the give-aways were poorly merchandised. At one booth where free coffee was served, the operation was conducted like a Salvation Army relief chore. There was little attempt to sell the goodness of the coffee or the reputation of the company.

On the other hand, some companies had no difficulty selling their products. For example, at the little booth of the Wagner Baking Corp., no opportunity was overlooked to build sales right on the ground for Mrs. Wagner's tempting, golden-brown pies.

### Toy Volume Up 10%

**American industry ready with \$235,000,000 stock; imports small in recent years.**

BECAUSE CHILDREN have to be amused regardless of world affairs, the toy industry rode almost unscathed through the depression and recession, is prepared for Christmas this year with \$235,000,000 of playthings, an increase of 10% over 1938. And Christmas sales, according to department store figures, account for almost two-thirds of the annual toy business.

At their annual preview of Christmas

toys, held last week and this under the auspices of the Toy Manufacturers of the U.S.A., Inc., members of the trade showed that there will be no such dearth as in 1914, when almost half the total supply was shut off by war blockades. For the past ten years less than 5% of the playthings sold in this country have been imported. Today American manufacturers are ready for Christmas with 100,000 different types of toys, all carefully tested for fun appeal, age suitability, safety and educational value. Imported toys from Germany, Japan, and Czechoslovakia have sold chiefly in the lower-priced markets since the last war, and have represented an almost negligible percentage of the dollar volume of the trade.

#### Price Rise in Prospect

Manufacturers anticipate a slight rise in retail prices as a result of the mounting cost of raw materials, but point out that the price range for playthings is so wide that this will probably not be noticed by the consumer.

Biggest items in the business are wheel goods and games (including those for adults) both of which account for better than \$30,000,000 of the 1939 orders. Dolls, unchanging favorites, will bring \$25,000,000 to the industry this year. Reproducing the streamlined features of the big 1940 models that were introduced to the American public two weeks ago, toy manufacturers have more than 50,000,000 miniature automobiles ready to go on the market.

Among the newest items are trains with station announcements, kitchen sinks with running water, a bubble-blowing set that regulates the size of the bubbles, and a radio sound effects kit. An increasing number of playthings are educational—construction and chemical sets are better than holding their own and a miniature doctor's kit, complete with stethoscope, has just been introduced. Most manufacturers depend more on variations of old favorites than on complete innovations.

Makers of adult goods are beginning to enter the market, putting out miniatures of their products for children. RCA is showing a \$5 portable record-player (*BW—Oct 14 '39, p. 4*) and Remington-Rand has put out a midget-sized typewriter, with standard keyboard, that will sell for around \$9.

#### "National Defense Items" Up

The toy industry reacts instantly to fluctuations in American interests and pastimes. The Walt Disney production "Pinocchio" has brought on a flood of amateur puppet sets, as well as reproductions of the original. "Information Please" has boomed the question-and-answer type of game for both adults and children. Manufacturers report "a moderate increase in national defense items" as a result of the war.

### The Mercury's De Luxe Diner



The Mercury, the New York Central's fast streamliner which goes into service this month on the Chicago-Detroit run, will sport something new in the way of dining cars. The kitchen is in a separate car, leav-

ing the diner with a whole car to itself. Divided by glass semi-partitions into three dining rooms, the center room has banquette seats along its sides. A waiting room, seating six, is at one end of the car.



## Tunnel Fans



Casings for giant fans that will ventilate the Queens Mid-Town Vehicular Tunnel, between Manhattan and Long Island, lined up at B. F. Sturtevant plant in Hyde Park, Mass.

## Fair Trade Survey On

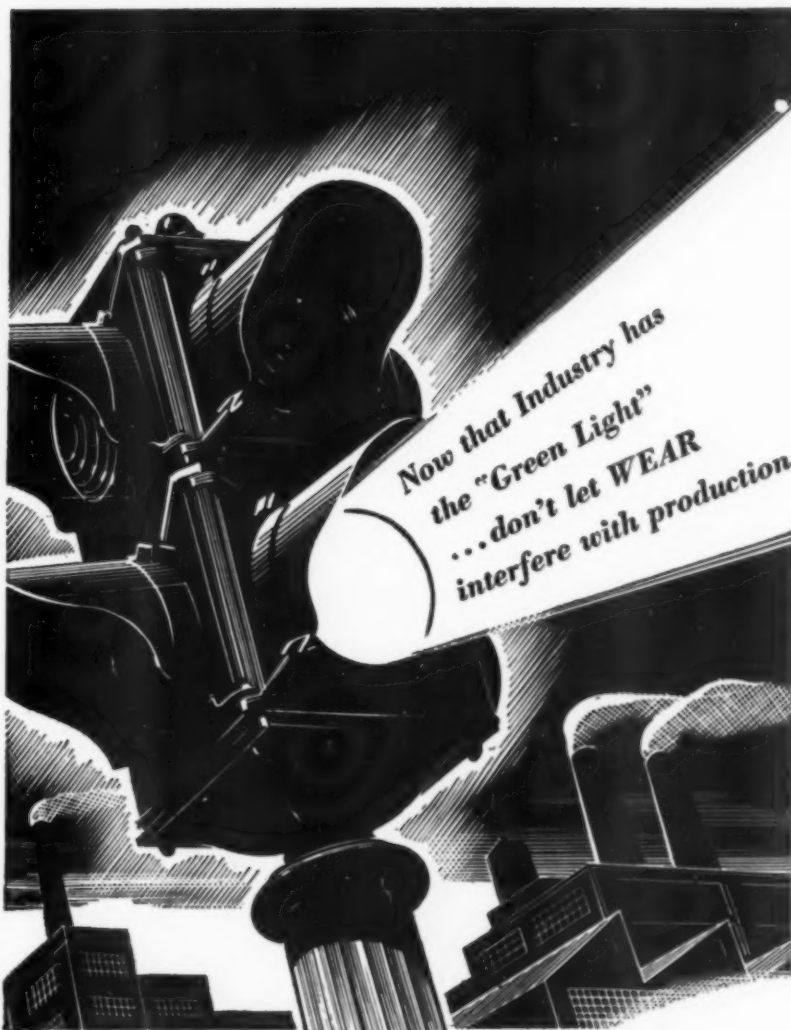
FTC collecting data on effect of price-control laws operative in 44 states.

WASHINGTON (Business Week Bureau)—The Federal Trade Commission has invited about 200 manufacturers of foods, drugs, and cosmetics to tell it, confidentially, what they think of the 44 state fair trade laws that permit establishment of minimum resale prices on trademarked items. The commission wants to know whether the price-control system has eliminated or caused "undesirable trade conditions."

A questionnaire dealing with prices, costs, and volume has been sent to manufacturers of nationally known brands, some of which are under fair trade while others are not. The commission wants to compare the price level of June 30, 1939, immediately after fair trade contracts went into effect, with the levels that prevailed six months and 12 months before.

The FTC is inquiring about enforcement difficulties—specifically about organized dealer pressure, and whether distributors are cutting under contract prices or trying to circumvent them indirectly. The manufacturers are assured that the FTC will tell no secrets, but only wants the truth.

Information obtained will supplement data gathered by FTC field representatives in Columbus and Mansfield, Ohio, Chester, Pa., and Wilmington, Del., the latter being in a non-fair trade state. FTC expects to have its report ready by June, 1940.



Now that Industry has the "Green Light" ... don't let WEAR interfere with production

**WEAR IS EVERYWHERE...**  
unless you check it with SKF

Industry takes off its coat, squares its shoulders, buckles down to the job of producing with a will and a cheer!

Yet, knowing WEAR as we do, we urge all Industry to check up on bearings *now* ... to replace those that show signs of falling down with bearings that always stand up: SKF Bearings for line shafting ... for rotating electrical machinery ... for all important machines!

Now that Industry has the "Green Light" just be sure you'll be able to keep on going. Use SKF Ball and Roller Bearings.

SKF INDUSTRIES, INC., PHILA., PA.



**SKF**

BALL AND ROLLER BEARINGS

## PRODUCTION

PRODUCTS · PLANT · PROCESSES

### Precision Features Metal Show

**Interest centers on tests and methods instead of fancy trade names. Influence of aviation industry is seen in new trend at national exposition in Chicago.**

A CROP OF NEW TRADE NAMES has sprung annually from the brains of metal sales staffs at the time of the National Metal Exposition. This year's show, held at Chicago's International Amphitheatre, October 23-27, was different. Perhaps the metal makers realized that their customers were no longer captivated by a new Thisite or Thatite. Emphasis was placed on production control and test methods

rather than on fancy monickers. No doubt the aircraft industry has had a lot to do with the playing up of improved quality.

United State Steel's booth was focused entirely on the better products obtained through refined mill operations. The American Steel & Wire division showed stainless steel wire mesh made from gages a third the size of a human hair.

**Save 30%**  
ON ASSEMBLY COSTS  
THE NEW SPEED NUT WAY

**Speed Nut System**  
Replaces Threaded Nuts and Lock Washers

SPEED NUTS are manufactured from high carbon spring steel and heat treated to provide positive holding power for the life of the product. Made for most standard sizes of machine screws, stove bolts, metal screws, metal rivets and plastic studs. Many special shapes and sizes also developed for mass production products. Write for samples today, stating sizes desired and nature of application.

**SPEED NUT DIVISION** TINNEMAN STOVE & RANGE CO.  
Manufacturers of **Speed Nuts**

Flame Control, employed by Jones & Laughlin, uses the electric eye to take the guess-work out of the Bessemer process. Scientific determination of the end point of a "blow" has a marked effect on machinability and other steel characteristics. J. & L.'s electronic method supercedes the vagaries of the human eye.

A novel "hardenability" test, conducted under the eyes of the spectator, was the central theme of Bethlehem's exhibit. The effects of heat-treatment were charted for minute fractions of an inch.

Republic displayed aircraft engine and propeller parts; also its "Corronized" coating which guards steel against corrosion by a new electroplating process.

#### Aluminum Alloy for Bearings

Tool steel makers have generally ignored the challenge of Stellite and the cutting carbides to their high-speed steels. However, Crucible has now come out with a cast chromium-tungsten-cobalt-iron alloy designed for cutting speeds above the high-speed steel range.

The Aluminum Company gave its first demonstration of the furnace brazing of aluminum, a method of fabrication especially suitable for assemblies requiring low cost production. Another innovation was a long-life aluminum alloy suitable for automobile bearings.

Tellurium, as an alloy of copper, was featured by Chase Copper & Brass to give a unique combination of conductivity, machinability and forgeability. One type of tellurium copper is responsive to heat-treatment.

Furnaces for metal heat-treatment reflect the trend to automatic handling.

The Tocco process of electric induction heating is now available to the small and medium-sized shops as well as to automotive and other high production plants. This method of heat-treatment gives localized hardening by an induced current followed immediately by a spray quench. Advantages are freedom from distortion, because only the surface to be hardened is heated, and remarkable economy.

#### Welding Units Exhibited

Welding equipment manufacturers also have an eye on the small user, including the garage that formerly looked to a specialist for its arc welding. Lincoln Electric and Hobart Bros. showed inexpensive, portable units, the latter maker using glass insulation. Wilson Welder & Metal Co. demonstrated a new "Hornet" model which can be equipped for automatic starting and regulation at the welding grip. When not used, this welder shuts off automatically.

Further development in flame hardening was featured by Linde Air Products, Air Reduction, and the National Cylinder Gas Co. Air Reduction showed its equipment for hardening machine tool bed ways now in use by the Monarch Machine Tool Co.

Du Pont used its Moly-Black plating

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## A Boost From the Big Boss



The Rural Electrification Administration's new low-cost equipment for supplying electricity to low-income customers—namely, a single-line circuit breaker, a double-line circuit breaker, a cyclometer watt-hour meter, and a transformer—got a plug from F.D.R. at his press conference last week, when he showed off the

REA meter (cost \$4, installation \$1) which is \$5 cheaper than a regular meter. Farmers read their own meters each month, pay on their readings, and an REA meter-reader checks up every six months—a procedure which cuts meter-reading from 15¢ to 3¢ a month, with the saving passed on to the consumer.

process as the central theme of its booth. Designed for such articles as office equipment, hardware, and optical instruments, this electro-deposited coating gives a durable, lustrous finish of molybdenum and nickel oxides.

The United States can be made independent of foreign sources of manganese by the use of an electrolytic process developed by Dr. R. S. Deane, of the Bureau of Mines, and used by the Electro Manganese Corporation, in refining the low yield ores of South Dakota, Arkansas, Montana, Oregon, and Washington.

## The Economy of Pests

**\$500,000,000 rat bill may be cut through scientific use of extracts and cultures.**

IT IS ESTIMATED that nearly 80,000 different kinds of insects and crawling things inhabit North America. The Insect Pest Survey of the Department of Agriculture lists at least 10,000 species which are pests of more or less importance doing an annual damage in the United States of \$1,601,527,000 plus. The country's rat population is double the human population, with each rat doing at least \$2 damage annually, which means a total exceeding \$500,000,000. Small wonder, therefore, that metropolitan newspapers gave play to the Seventh Annual Convention of the National Pest Control Association at New York's Hotel Pennsylvania last week.

Actually, the Pest Control Association

has little to do with the elimination of agricultural and horticultural pests, which cost the government \$2,000,000 a year

in research and which force growers to spend around \$200,000,000 a year for insecticides and fumigants. The Association concerns itself with the more intimate personal and household fauna, such as rats, mice, cockroaches, bedbugs, clothes moths, silverfish, and termites. It memorialized the government to allocate more funds for study and control of these pests.

## Anti-Pest Arms and Ammunition

Rats, it was emphasized at the convention, can be eliminated through the expert use of extracts of red squill (a lily-like bulb imported from the Mediterranean countries), or of certain mineral poisons, or of bacterial cultures. Mice apparently thrive on red squill, but turn up their toes readily after a diet of mineral poison or bacteria. Cockroaches, silverfish, ants, and certain other household pests succumb after applications of various powdered insecticides. Moths, flies, mosquitoes, and bedbugs are all allergic to lethal sprays. But, when all else fails, a thorough fumigation with certain gases, so deadly that they must only be handled by specialists, will rid any premises of bugs and rodents.

Termites can be controlled only by "breaking contact between soil and timber" (BW—July 11 '36, p. 34). Complete elimination is seldom achieved without replacement of infested wood and chemical treatment of surrounding soil.

# Depend on Ryerson For Quality Steel..

## Immediate Stock Shipment

FOR almost a century — through wars, panics, depressions and other crises, Industry has come to Ryerson for steel. Ryerson stocks have been ample, deliveries prompt. Today you can be sure of the same dependable service and in addition, under the Ryerson Certified Steel Plan you are assured high uniform quality. With Ryerson selected Certified Alloy Steels you get complete data (chemical, physical and heat treatment properties) on every bar shipped. 10 large Ryerson plants, carrying more than 10,000 sizes, kinds and shapes of steel stand ready to meet both your regular and emergency requirements. If you do not have the current Ryerson Stock List, we shall be glad to send a copy.



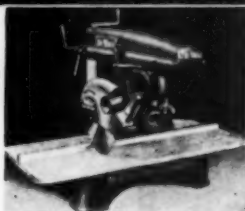
JOSEPH T. RYERSON & SON, INC. PLANTS AT: CHICAGO, MILWAUKEE, CINCINNATI, ST. LOUIS, DETROIT, CLEVELAND, BUFFALO, BOSTON, PHILADELPHIA, JERSEY CITY



## JUST OUT!

NEW, AMAZING, "ALL-PURPOSE"  
DE WALT WOODWORKER

**29**  
DIFFERENT  
OPERATIONS



For the first time—the world-famous DeWalt Woodworker at a remarkably low price! A NEW model that performs 29 different operations... is really many machines in one! Easy to operate. Only a few seconds to change over. Ideal for crating and boxing and for carpenter maintenance. Has the flexibility so necessary for pattern shops.

Let us tell you the complete story about DeWalt Woodworking Machines. Portable models available for outside construction, and Production models for use where wood is a part of your manufacturing process. All DeWalts speed up work—cut production costs! Make an investment in one DeWalt—get the work of many machines. Save the cost of many machines!

WRITE  
FOR FULL  
FACTS

**DeWALT** 62 FOUNTAIN AVE.  
LANCASTER, PA.

"Actually a woodworking shop in itself"



## "Merry Christmas" Idea Helps Make a "Happy New Year" IN SALES



I LIKED YOUR  
CHRISTMAS PRESENT—  
IT'S SO PRACTICAL  
AND USEFUL!

## KEEP PROSPECTS REMINDED

You bet men like this Autopoint pencil-and-knife combination! Hundreds of salesmen can testify these "reminders" stay with prospects year in, year out. Autopoint pencil has the Grip-Tite tip; even thin leads can't wobble, drop out or break easily. Autopoint knife has the "one-hand-opening," variable length blade of high-carbon steel. Book, "The Human Side Of Sales Strategy," gives tested ideas for using these "friend makers." Write for it today.

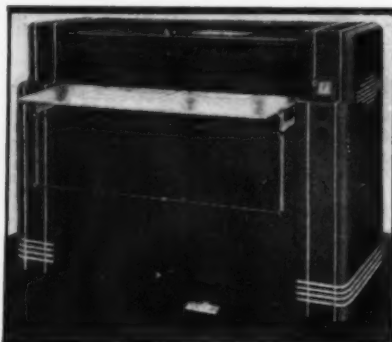
Autopoint Co., Dept. BW-11  
1801 Foster Ave., Chicago, Ill.

**Autopoint**  
THE BETTER PENCIL

## NEW PRODUCTS

### Mercury-Arc Blueprinter

SHORTLY after Jan. 1, Charles Bruning Co., Inc., 100 Reade St., New York, will begin to ship its new Bruning Mercury Blue Print Machine. Light source is a



new high pressure mercury quartz lamp of Hanovia Chemical & Mfg. Co. Test runs reveal a printing speed of 20 ft. per min. on average work. Current consumption is reported at one third that of a carbon arc machine of similar capacity.

### Bug Stain Eliminator

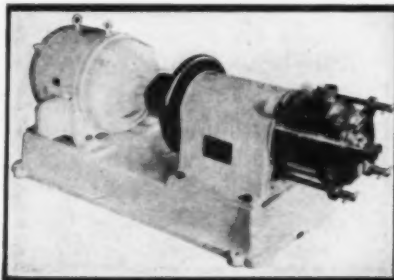
APPLIED to any external surface of an automobile—lacquer, enamel, metal, rubber, or glass—Studebaker Mac-O-Nize Bug Solvent will remove harmlessly all dead bugs and their previously indelible stains. Studebaker Corp., South Bend, Ind., is distributing it through its dealers.

### Optical Pyrometer

NEWEST L&N Optical Pyrometer for industrial and laboratory use weighs one third less and is more easily sighted than previous models. Leeds & Northrup Co., Philadelphia, calibrates the potentiometer-type instrument in degrees of temperature.

### Milk Homogenizer

WHILE BOARDS of health and other civic authorities argue over the merits of abolishing the cream line in bottled milk, various manufacturers are making



mechanical homogenizers. Their duty is to blend cream into milk so thoroughly that it cannot rise again. Proponents hold that milk is thereby made more

digestible, more palatable. Latest machine is the Charlotte Dairy Homogenizer of Chemicolloid Laboratories, Inc., 44 Whitehall St., New York. An electric motor drives a grooved, conical rotor inside a corresponding grooved, conical stator while fresh milk flows through. All working parts in contact with the product are stainless steel forgings.

### "Clipodex" and "Thermodex"

HITCH a Clipodex (left) to the edge of a desk blotter pad, and its flat spring will keep papers from blowing away, while a



holder will furnish safekeeping for a pen or pencil. The maker, Zephyr American Corp., 31 W. 47th St., New York, is also bringing out the Thermodex (top), a new desk unit which combines thermometer and pen holder. Both devices are designed to harmonize with the familiar Autodex phone number finder (right).

### Photo-Flash Box Camera

MANY TYPES of photo-flash lamp equipment have been developed for cameras in the medium and high price brackets, but the inexpensive, old reliable box camera has been largely neglected. But now comes Agfa Ansco Corp., Bingham-



ton, N. Y., with its Cadet-Flash Camera making eight 1½ x 2½-in. pictures per roll, day or night. It is also bringing out the Shur-Flash Box Camera for 2½ x 3½-in. shots. Flash equipment is detachable.

### Ultraviolet Ray Source

CONSIDERABLY smaller than the old 400-watt S-1 sunlight lamp, the brand new S-4 Sunlight Lamp produces approxi-

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mately the same amount of ultraviolet with a current consumption of only 100 watts. As produced by both General Electric Co., Nela Park, Cleveland, and Westinghouse Electric & Mfg. Co., Lamp Division, Bloomfield, N. J., the new lamp incorporates a quartz-bulb mercury-vapor arc lamp, about half the size of a cigarette, within a protective glass bulb the size of a standard 60-watt lamp. Result is more ultraviolet, less heat.

## PRODUCTION ANGLES

### Radium for Aircraft

"THE USES of radium are two, therapeutic and for luminous paints," said Dean S. C. Lind of Minnesota University's School of Chemistry at a regional meeting of American Chemical Society. "During the World War there was a maximum of eight dials on the panel board of an airship. At present the average small plane has 12 to 15 luminous dials. Larger craft . . . will have from 60 to 75 luminous treated instruments. . . . Army and Navy specifications now require . . . more radium per gram of paint."

### Five Recent Booklets

(1) "ALUMINUM LADDERS for Every Requirement," Aluminum Ladder Co., Tarentum, Pa. (2) "American Hardwood Dimension, Wall Paneling and Interior Trim," Forest Products Division, Department of Commerce, Washington. (3) "Synchronous Motors," (Publication GEA-1191B) General Electric Co., Schenectady, N. Y. (4) "South Bend Lathes, Catalog 100," South Bend Lathe Works, South Bend, Ind. (5) "Yale Electric Industrial Trucks, Hand Lift Trucks, and Skid Platforms," Yale & Towne Mfg. Co., Philadelphia.

### Production Conference

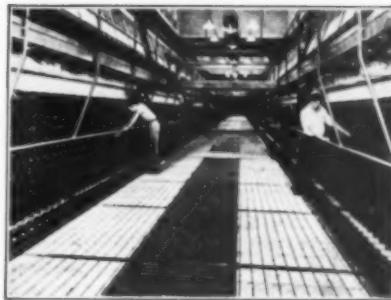
"HOW CAN American industry control unit costs through more efficient plant facilities, as it now becomes the world's remaining big-scale producer of goods?" That will be the key question before the 1939 Production Conference of American Management Association, Palmer House, Chicago, Nov. 15-16. Subsidiary questions will include expansion, plant layout, building design, lighting, air conditioning, and the psychology of speeding production.

### Diesel-Hydraulic Switcher

FROM INDUSTRIAL drives to motor buses to passenger cars runs the history of hydraulic transmissions, or "liquid drives" (BW—Sep 9 '39, p. 46). Newest application is in a 400-hp., 70-ton Diesel-Hydraulic Switching Locomotive built by Hooven, Owens, Rentschler Division, General Machinery Corp., Hamilton, O. Its hydraulic drive comes from Hydro Transmission Corp., Hamilton, O.



From the day it was introduced years ago, Durez has enjoyed universal recognition as "the industrial plastic." Today this service stands honored in the 4th Annual Modern Plastics Competition. First award in the Industrial Group and two honorable mentions for products made with Durez plastics, is a record that speaks for itself. Naturally, we are proud of this record that is now headlined in industry. But we are even prouder of the record that these products have *underlined* on the *balance sheets* of industry!



**86,400** reels of special molded Durez plastics are in operation on continuous spinning machines built by the Rayon Machinery Corp. for the Industrial Rayon Corporation, Painesville, O. plant.



**HONORABLE MENTION** Novelty Group . . . Aman Recorder, a tuning instrument molded of Durez plastic to achieve highest fidelity of pitch.

**HONORABLE MENTION** Industrial Group . . . Cardineer, a new rotary type record system, with filing wheel molded entirely of Durez plastic, because Durez gave greatest economy in manufacturing.

**DUREZ PLASTICS & CHEMICALS, INC.**  
Plastics That Fit The Job

## LABOR & MANAGEMENT

INDUSTRIAL RELATIONS · PERSONNEL · EXECUTIVE POLICY

### Detroit: A Continuing Crisis

**Labor troubles of auto industry reflect many factors peculiar to the motor city. Solution still appears to be well in the future.**

"WHAT'S WRONG with Detroit?" was a question which many labor observers were asking this week. And the answer was very complex.

There have been no recent labor fire-works in the motor city to compare with the 1937 sitdown strikes or the 1938-39 factional fighting within the United Automobile Workers Union. But with three to four years of industrial union experience, Detroit business management and labor still admit having many unsolved problems.

Situations like the current one at Chrysler, which has run on for six weeks and which featured the "slowdown" of production (*BW—Oct 28 '39, p. 46*) have cost plenty. With customers in a buying mood again, Detroit's main product—the automobile—has been set back at least 100,000 units. Some 50,000 or more wage-earners mark time during an industrial shutdown as big as this one.

There is a faint stirring of sentiment among Detroit business men and talk about a civic unification campaign, to support the dissemination of "sound economic facts." But the automobile business is fiercely competitive, and there are those who point out, quite correctly, that even though Chrysler is down there are plenty of Ford and General Motors products to buy. If G.M. is swept by the U.A.W. in forthcoming labor board elections, and should get tangled in contract negotiations as Chrysler has, Chrysler then might pick up some G.M. customers.

#### "Everybody's Business"

The "Detroit problem" is really several problems, and only by consideration of the various human and economic factors can any neutral observer hope to see a glimmering of light. For example, the following outstanding characteristics make Detroit different from other cities, and give it a distinctive slant on industrial relations:

1. Much of the city's industry is knit together. As was demonstrated a month ago, when the Dodge plant goes down, the other Chrysler plants go down, because Dodge makes parts for them. But that is only one company; there are much larger implications after the shutdown

has held for awhile. Chrysler orders for raw materials and finished parts, fanning out to a hundred different companies, are stopped. Independent parts and equipment makers, in turn, slow down or shut down, depending on how long they can store their product and how much of it Chrysler buys. Therefore, the union trouble at Chrysler can accurately be called "everybody's business."

#### Power on Both Sides

2. Detroit management and Detroit labor are led by toughened, dynamic, two-fisted guys. Man after man, reading from left to right in the ranks of Detroit leadership of any business, got up there through ambition and driving force. The automobile business grew up from nothing with incredible speed; many men got rich and powerful while still young and vigorous. Conversations don't loaf around Detroit. They like their language rich and racy, and the man who can't take it had better step aside. Industrial relations may be handled in a diplomatic, polite manner in some places, but in Detroit you roll up your sleeves and fight it out.

3. The union—U.A.W. of C.I.O.—is young and full of fight. Some of its mem-

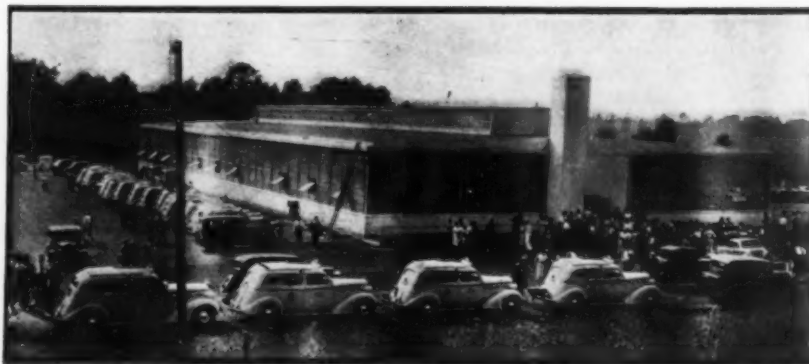
bers are old enough to remember the days when Detroit business made the town open-shop and kept it that way. These say that management can't be trusted and is only waiting for a good chance to crack up the union. All kinds of men make up the union, some hot-headed and truculent, some cautious and slow to advance an opinion. Lots of them don't pay dues regularly—but the recent Chrysler elections show that they turn out 80% majorities for union status as against non-union status.

4. The labor-and-management record isn't good in Detroit. Labor contracts seem to be made to be broken, at least in the major manufacturing plants. Management blames labor, and labor blames management. There are many instances of smooth relationships among smaller companies, but the "Big Three" of Ford, G.M., and Chrysler have unending trouble. Ford has knocked the U.A.W. back from the gates, but at the cost of hand-to-hand fighting, a long and costly tussle with the NLRB, and a consumer boycott which the C.I.O. is pressing. G.M. and Chrysler have been unionized for three years, but have a record of disturbances, little and big, which is appalling to those who feel that a carefully-negotiated contract should guarantee even handling of labor problems.

#### Unionizing Comes Hard

This latter peculiarity cannot be ascribed to the fact that the union is new to Detroit. New unions have come to other parts of the country and, after a short period of turmoil, have settled down with management in apparent peace. Five years ago San Francisco was locked in a general strike, four years ago its port was closed. Slowly it got hold of a formula which seems to work even though the unions have moved in. This is not an exact comparison, for San

#### Auction at Hightstown



Having tried vainly to make a go of it for three years, the government this week relinquished its sponsorship of the Hightstown, N. J. cooperative community for garment workers from metropolitan areas—which

has already cost about \$4,000,000—sold all the Hightstown factory's garment-making machinery at auction. Since it was unable to develop a market for its products, the factory shut down last August.

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San Francisco was not the proud open-shop citadel that Detroit was. But management in Detroit takes its unionizing very hard, indeed.

On the other hand, the U.A.W. is wide open to criticism. It has not earned the right of respect which other young unions have. In some Detroit cases, management has extended the hand of friendship and cooperation and has seen its arm torn off at the shoulder. Where some unions devote a good part of their time to setting up educational, recreational, and occupational enterprises for their members, the U.A.W. gives this side of unionism but a passing nod and goes right on to a new row with management.

Nor can the union plead youth and inexperience as an excuse. There exists another union of the same age, the steel workers union, which almost never is "in trouble"—and which was built of young, strong, C.I.O. converts just as U.A.W. was.

### Not Without Hopeful Signs

The "settling down" of labor matters in Detroit probably will be delayed for some time, and will be gradual. There are signs of progress. For example, the handling of company news releases from Chrysler during the present trouble has been expert, reasonable, and restrained. Off the record, negotiators on each side will say a good word now and then for someone in the other camp—which is a rare thing. Another point which should be kept in mind about the Chrysler negotiations is that a good job of building a labor contract to cover 50,000 employees for a year cannot be done over night. The regrettable part is not that it takes time, but that the time wasn't taken while the old contract still was in force.

It is idle to expect that Detroit management—or management anywhere—will soon prefer collective bargaining to individual status for employees. In the motor city there is even a chance, as noted earlier, that rising feeling against the closed shop will turn into a crusade for the open shop. But there is ample evidence that the average Detroit business man is a realist today. Chrysler, for instance, figures that the union is going to be around for a long time to come. The company doesn't object to collective bargaining so much as it does to what it believes to be innate instability and evasiveness in the union's leadership.

### Insist on "Union Responsibility"

On this point, there probably are things to come. As most labor observers know, the C.I.O. recently enlarged the powers of Vice-Presidents Philip Murray and Sidney Hillman by promoting some associates of theirs to policy-making positions, and correspondingly cut down the opportunities of the leftish C.I.O. members. It is a fair bet—in fact, it is an

## Pioneers in Service



"For the purpose of accommodating the citizens of the state . . ." ¶ Thus reads the first charter ever granted to a trust company . . . the charter under which this company began business in 1822. ¶ For 117 years it has continuously served the interests of men, women and children. The comprehensive services which City Bank Farmers Trust Company now performs for individuals include acting as executor, trustee, custodian, guardian and manager of investments. It also serves business as paying agent, registrar, transfer agent, corporate trustee, and in other agency capacities. ¶ The officers of this company will gladly explain how these facilities may be of help to you.

## City Bank Farmers Trust Company

CHARTERED 1822

Head Office: 22 William Street, New York; Uptown Office: Madison Avenue at 42nd Street; Brooklyn Office: 181 Montague Street

Information may also be obtained through any branch of The National City Bank of New York

odds-on bet—that before Detroit management goes along unsuspiciously with U.A.W. it will have to be shown that men like Murray and Hillman are guaranteeing the union responsibility.

Government intervention isn't talked about much, in Detroit, but there is some speculation on the eventual "moving in" by Madame Perkins if the auto turmoil begins to interfere seriously with Army orders. Up to now, the Army orders don't amount to much—but they might. As a straw in the wind, Acting Secretary Edison has already charged U.A.W. strike pickets at the Bohn Aluminum plant with preventing delivery of Navy orders. In the event that the government does decide to take a hand with a coordinating board, Detroit's public probably would welcome the news. Nowadays, the man in the street says, he doesn't know whether he's working tomorrow or striking, and he figures the labor leaders make up their minds each evening for a new move the following day.

## The Wage-Hour Front

**New standards produce little backfiring. Battle over Fleming's status in prospect.**

WASHINGTON (Business Week Bureau)—Having pitched camp on the wage-hour front where Administrator Elmer An-

draws was defeated, Lt. Col. Philip Fleming can look at the following developments:

(1) The new 30-cent, 42-hour statutory standards are replacing last year's 25-cent, 44-hour rate with surprisingly little backfiring.

(2) A legal battle is being waged in the South to test the Wage-Hour Law. Federal court injunctions against Andrews' 32½-cent textile wage order have been obtained by manufacturers.

(3) A possible Congressional scrap is in prospect over legislation which Roosevelt will request to legalize the Colonel's status as an Army officer with civil authority.

### Between Labor and Business

Acting on Fleming, Congress may want to know whether Sec. Perkins is in actual command of the Wage-Hour Division, contrary to law, and why the President appointed a man ineligible for the job. Organized labor does not like soldiers and will encourage Congressional hostility to Fleming, unless he cracks down hard on business, which he says he will not do.

Reports on Fleming's ability and initiative are all to the good. Most observers say he would not have a puppet assignment. But they know that Andrews lost his head fighting Miss Perkins' will to rule, and they'll wait and see about Fleming.

Harold Jacobs, genial, dressy press chief of the division, is at present doubling in the Administrator's part, but no one supposes that he will exercise any initiative.

Accumulation of 22,000 wage-hour complaints during the last year is unquestionably an obstacle to enforcement, and the temptation to cut corners with the law is presumably increased by the higher standards just imposed. Wartime business stimulation, however, has done much to cushion the new requirements, particularly in the textile industry, which has been the guinea pig of the law.

### Some Already on 40-Hour Basis

Most of the complaining about the new standards has sprung, not from violations, but from reduced weekly earnings in upper brackets in consequence of shorter hours. Some companies have gone voluntarily to a 40-hour basis, one year ahead of the 1941 deadline. Employers are experiencing trouble in their attempt to divide 42 hours into a suitable work week.

The Wage-Hour Division is confident it will be upheld when the Southern cases reach the Supreme Court. Circuit court decisions are expected about the first of the year, and there will be immediate appeal. Only those manufacturers who have posted \$10,000 bond in this litigation can withhold payment of the 2½ cents above minimum that is involved.



Harold D. Jacobs, former assistant administrator in charge of information, now holds down the job of acting administrator of the Labor Department's Wage-Hour Division.

## C. of C. Defines Stand

**Lists suggested changes in Wagner Act for consideration of special House committee.**

AS FIRST ITEM in an anticipated new crop of suggestions for Wagner Act amendment, a strong blast from the United States Chamber of Commerce held the spotlight this week. Although the subject probably will not come before Congress before next February or March, a special House committee is expected to hear complaints between now and then, and the Chamber calls its suggestions to the attention of this group.

Briefly, the Chamber suggests the following changes, which were worked out by its Department of Manufacture Committee:

(1) The employer should be given the right to ask for an NLRB election among his employees, after a demand has been made upon him for recognition of labor representatives. As the NLRB now operates, the employer can do this when two or more competing unions have made demands, but not otherwise.

(2) Express provision should be made in the act to protect the right of free speech. The Constitution may provide such protection, but the Chamber says that the NLRB has kept employers from expressing an honest opinion about unions.

(3) The law should provide that a union can represent only its own members. In this regard, the Chamber feels that minorities have been mistreated, inasmuch as the Wagner Act provides for majority rule.

(4) That part of the Wagner Act which authorizes closed-shop agreements should be repealed. The Chamber asserts that minorities are forced into union membership, thus allowing for closed-

### Back Talk



Joe Curran, head of the National Maritime Union (C.I.O.), accused of being communistic by Dies committee witnesses, made his rebuttal last week: Naw, he was no communist, but "when I'm on the picket line and my stomach needs a pork chop, I don't know whether it was paid for with a green or Red dollar."

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shop agreements, and that such minorities need more protection.

(5) Functions of the labor board should be segregated, thus: (a) When examiners are needed, the board should ask the Court of Appeals for the District of Columbia to name them, and the court should be authorized to select such examiners for judicial work upon call. (b) Trial attorneys who try the cases before the examiners should also be appointed by another agency, the Department of Justice. The Chamber also suggests that the rules of evidence be made to conform with those of the District of Columbia courts of equity.

(6) The labor board should be required to guarantee, in each case which it enters, that the action is in the public interest. If this change were made, says the Chamber, the cases would be fewer in number and would lose much of "their appearance of a settled hostility to all employers."

With these half-dozen requests, the Chamber rests its case for the moment. Studying the proposals, labor legislation experts felt this week that the 1940 debate over the Wagner Act was well under way. The trend of state legislation and of NLRB procedure has been toward greater freedom for the employer in making complaints, and along this line the C. of C. proposals seemed to have a good chance of getting wide attention. On the side of building protective fences around minorities, however, the average neutral was inclined to be dubious of any action. Segregation of functions hasn't been widely enough discussed to yield a consensus as yet.

### LABOR ANGLES

#### Jobs for 287,000

SEPTEMBER JOB PLACEMENTS in private industry by the United States public employment offices totaled 287,000, the Social Security Board announced this week. At the same time, unemployment benefit payments dropped 24% below the August total, so that September was a "best month" both ways. Active files of persons seeking employment through the federal offices dropped to 5,680,310, a decrease of 110,000 from Sept. 1.

#### "Independents" Hang On

ALTHOUGH THE GROWTH of "independent" unions is nothing to get excited about, they continue to take a fall from C.I.O. and A.F.L. now and then. This week's tabulation of employee elections by NLRB shows lone-wolf outfits taking 8 out of 9 contests entered, beating C.I.O. four times and A.F.L. once. (They were unopposed in four of the contests.) The federations still were going pretty well, too. A.F.L. entered 28 elections and won 10; C.I.O. entered 33 and won 19.



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# MONEY AND THE MARKETS

FINANCE • SECURITIES • COMMODITIES

## Trading Hangs Fire

**Stock market becomes apathetic about war orders and earnings reports. Commodities get down to supply and demand. Sugar gets way down.**

THIS WEEK marked the passing of two months of warfare in Europe, and the markets responded with a fine burst of apathy. It was comforting to traders, of course, that bonds had regained much of the ground lost during September's mad scramble to get into equities. Equally reassuring was the fact that commodities were again trading on supply and demand factors, and not on wartime possibilities. But the stock market loafed along at a pace that assured brokers of little better than break-even revenues, and gave investors little incentive to buy.

Any way you look at it, this is a curious stock market. At present levels, the averages hover less than five points below the high for the year. Three times thus far the market has tried to break through that high, and failed. But the wave of selling that washed through the market early in the week seemed to come from tired longs who were getting out rather than from foreigners.

It may be that the market is looking ahead several months in the future, toward a time when many prognosticators feel industrial production is likely to

turn down, after the current backlog of orders has been worked off. In any event, it is certainly cold to the current reports coming from the corporate front. Consider earnings, for instance (see table, page 39). U. S. Steel this week turned up with its best quarterly showing since 1937. Its \$10,420,000 net profit for the third quarter of this year was more than eight times its earnings in the second quarter.

Furthermore, when the National City Bank counted up the earnings of a group of 320 companies for the first nine months of this year, it found them precisely 98.5% better than for the comparable period of last year. True, earnings of a year ago were no more than par with 1935's record. But the improvement is impressive, nonetheless.

### Sugar Reacts to Quota Suspension

Commodities were less spectacular this week—that is, with the exception of sugar. Duty-free raw sugar fell to 2.90¢ a lb.—a price little higher than that before the outbreak of war—and refined to 5¢ a lb. In September, President Roose-

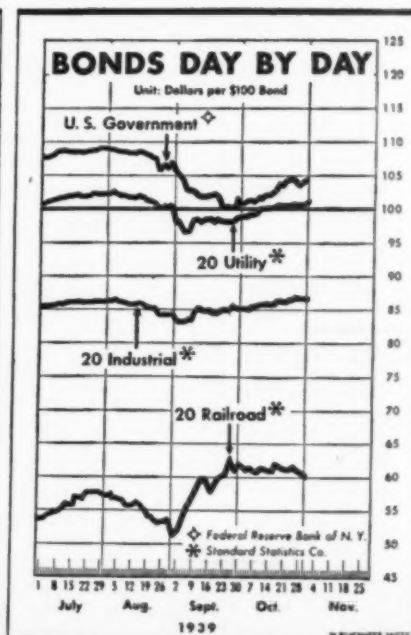
velt suspended sugar quotas in an effort to prevent profiteering (*BW*—Sept. 16, '39, p. 15). This week, the market sagged further on realization that the quotas could not be restored except by Presidential decree.

Because of the lack of quotas, greater quantities of domestic sugar are at present coming into the market, and the entry of Puerto Rico's new crop next month is expected to be a further depressant. The hoarding of sugar by housewives in September has proved to be a boomerang to the trade, and demand is now at low ebb.

The nonferrous metal markets were more orderly this week than at any time since the war began. Zinc and lead held firm with moderate business being done. Tin eased further as the export quotas for the fourth quarter were raised to 100% of standard, which should facilitate a good volume of shipments from the Far East. And copper held at 12½¢ a lb., although some outside buying was noted ½¢ higher.

### Copper Consumption Higher

The tight position in spot copper has been due only in part to good foreign business (which brought a premium). It was further aggravated by the recent strike at a plant at Perth Amboy, N. J. Forward buying, however, has experienced no difficulty. Sales of copper during October came to 67,025 tons against 183,652 tons in September. And consumption in October is believed to be in the neighborhood of 80,000 tons, which would be the largest since the spring of 1937. September consumption is generally placed at 73,000 tons, which would compare with 63,000 in August. Exports of American copper probably have been running at about 15,000 tons a month.



## The Earnings Record

No. of Cos.	Industrial Groups	Net Profits (\$000)	
		Nine Months 1938	1939
7	Baking	\$16,613	\$16,146
18	Food products	54,024	60,973
7	Beverages	7,314	7,000
14	Textiles & apparel	d-1,368	5,960
11	Paper products	2,499	4,385
17	Chemical products	59,335	105,538
10	Drugs, soap, etc.	24,158	35,091
13	Petroleum prod's.	44,283	30,642
15	Stone, clay, glass	13,170	25,027
1	U. S. Steel	d-12,150	12,391
24	Other steel	d-17,835	25,811
5	Building equip.	d-930	3,522
11	Elec. equipment	26,601	38,606
9	House. equip.	1,939	3,998
25	Machinery	4,479	10,329
5	Office equipment	7,712	8,381
8	Rail equipment	d-2,566	4,075
1	General Motors	38,388	109,620
6	Other autos	d-6,331	d-1,319
20	Auto equipment	d-3,542	13,258
7	Aircraft & equip.	12,493	18,758
16	Misc. metal prod.	3,061	11,060
23	Misc. mfg.	7,997	12,833
9	Metal mining	14,252	17,587
9	Coal mining	d-5,669	d-2,766
6	Mining, quarrying	9,090	8,178
9	Trade	d-768	1,280
14	Service	226	2,227

320 Total.....\$296,475 \$588,591

d=deficit.

Data: National City Bank.

## RFC Helps Treasury

**Borrows \$250,000,000 and pays off last loan, thus aiding Treasury to avoid debt limit.**

FOR A GOOD MANY YEARS the United States Treasury has been financing the federal government's alphabetical lending agencies—the RFC, the CCC, the USHA, etc.—but now the agencies are turning around and financing the Treasury. This week it was the Reconstruction Finance Corp. which sought to borrow a quarter of a billion dollars from the public in order to repay Sec. Morgenthau.

This operation accomplishes several results. It wipes out the last of the RFC's debt to the Treasury which, two years and a half ago, totaled \$4,200,000,000. It enables the government to borrow \$250,000,000 without increasing its direct debt any closer to the \$45,000,000,000 statutory maximum. It permits the Treasury to raise a quarter of a billion to help finance the deficit without going into the open market.

The RFC, in making this public offering of its notes, appears in the market for a fourth time. It has three other series of 1% notes outstanding in a total of just under \$822,000,000. The current offering brings its debt to \$1,052,000,000, most of which has been borrowed in order to pay off loans to the Treasury. This latest offering, which matures July 1, 1942, bears interest at 1% annually, a slightly higher coupon than the 3/4% on its previous note issues.

The United States Housing Authority has outstanding \$114,157,000 of 1 1/4% notes, and the Commodity Credit Corp. has frequently borrowed from the public in order to finance storage of farm surpluses. The CCC came into the market only a few days ago with a new note issue to refund its \$206,174,000 public debt.

Obligations of the RFC, USHA, and CCC are guaranteed both as to principal and interest by the Treasury. Along with other guaranteed issues, notably those of the Federal Farm Mortgage Corp. and the Home Owners' Loan Corp., these agencies' notes bring the Treasury's total contingent liability on guaranteed debt to about \$5,720,000,000. Inasmuch as the Treasury's direct debt now is reported at a bit more than \$41,000,000,000 and allowing for the fact that estimates of the 1939-40 fiscal year's deficit are being raised, it will be seen that keeping \$5,720,000,000 on a contingent basis is important to staying within the \$45,000,000,000 debt limit.

## Jersey Central Falls

**Attempt of New Jersey to collect back taxes forces road to try Section 77.**

THE THEME SONG of recovery for the railroads of the country this week was marred by a sour note. The Central Railroad of New Jersey went under. And in seeking the sanctum of Section 77, it was the first Class 1 carrier to topple into bankruptcy since the Erie hit the skids in January, 1938 (BW—Jan 22 '38, p. 52).

If it was curious that the Central should go bankrupt at a time when most other Class 1 roads were making money hand over fist, then equally curious was the fact that unpaid taxes due the state of New Jersey should force its unhappy move.

## Out to Collect What's Due

The tax troubles of the Central run as far back as its deficits, to 1932. High tax assessments, together with low levels of traffic and high operating costs, forced the road to forego interest payments to its bondholders earlier this year. While total taxes in default, plus penalties and interest, come to \$11,600,000 (with another \$3,400,000 currently falling due), the immediate taxes at issue are those for 1932 and 1933, which amount to \$7,230,000. The Central continually has argued that the levies were exorbitant. Attorney General of New Jersey, David T. Wilentz, concerned not with the ethics of the matter, merely with state law enforcement, warned the road last month he was out to collect the money. His intention to ask for a judgment against the road in the state Supreme Court this week prompted the Central to take the reorganization route.

This was the only course left open to



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*"Overnight Vacation"*

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**"LUXURY LINER ON WHEELS"**

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Lv. Grand Central....6:00 P.M.

Ar. Chicago.....9:00 A.M.

Lv. Chicago.....4:00 P.M.

Ar. Grand Central....9:00 A.M.

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it pays to ride the "Century"



**20th Century LIMITED**

THE WATER LEVEL ROUTE...YOU CAN SLEEP

## "Douglas Surely Converted Me"

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*Mrs. R. L. Lytle*



Douglas Aircraft Co., Inc., Santa Monica, California.

**IT PAYS TO FLY DOUGLAS THE WORLD OVER**

## Heads Life Institute



The Institute of Life Insurance was formed early this year but had not, until this week, found the man it wanted for its president. He is Holgar J. Johnson, 43, graduate of the University of Pittsburgh, and for some years head of his own general agency. His appointment came, appropriately enough, on the heels of "Annual Message of Life Insurance Week." The Institute, which was formed largely to tell the public more about the human function of life insurance, took a leading part in the Annual Message celebration with its nationwide publicity and large scale advertising. It also recently prepared a motion picture dramatizing the role of the life agent in his community. The Institute is a co-operative effort of 85 leading insurance companies.

the Central. Earlier in the year, it had filed a plan of debt adjustment with the Interstate Commerce Commission, seeking relief under the new Chandler Act. It was turned down. But now that it has taken the reorganization route, the long-discussed plan of a merger with the Reading road emerges as a possibility. The Reading owns some 36% of Jersey Central stock. The Baltimore & Ohio, in turn, has a 42% voice in Reading affairs. Facilities of the Jersey Central shunt traffic of both roads into the New York area. Meanwhile, the state of New Jersey, through its Attorney General, proceeded against the other four railroads operating in its environs, whose taxes are in default—the New York Central, the Reading, Delaware, Lackawanna & Western, and the Lehigh Valley. Their total unpaid taxes (including the Jersey Central's) come to \$34,000,000.

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## BUSINESS ABROAD

FOREIGN TRADE • INTERNATIONAL AFFAIRS • FOREIGN INDUSTRY

### New Latin Trade Policy Growing

**Washington taking long range view of trade with southern neighbors in hope of building sound economic and political cooperation for future.**

WATCH LATIN AMERICA, but don't look for an avalanche of new business with countries south of the Rio Grande. There is already a rush of orders in a few lines to cover needs which, temporarily at least, cannot be filled by old suppliers in Europe, but there is also a curtailment in luxury lines which will hold our net gain in exports at comparatively modest levels.

The new interest stems from rapidly accumulating evidence that Washington is definitely developing a long-term, constructive Latin American policy. A new trade agreement with Argentina is being negotiated. Brazil is being helped to accumulate a gold reserve by being allowed to acquire gold in New York with Brazilians' dollar balances. Purchases so far amount to only \$3,500,000, but they may grow to \$60,000,000.

Chile has been promised a \$5,000,000 credit to handle a difficult foreign exchange situation which arose when exports to Germany, which have been large, were abruptly cut off by the outbreak of the war.

Colombia apparently is going to receive special financial assistance from the United States both to increase its pur-

chases here and to help stabilize its currency.

And finally, Administration officials in Washington have admitted this week that efforts of the Foreign Bondholders Protective Council, Inc., which has had the government's blessing in all of its attempts to iron out debt problems on foreign bonds, have been disappointingly slow in solving any major debt problem. Apparently the government has decided to take a hand in the matter by scaling down interest on the Latin American debts, and at the same time help provide some of the countries whose credit rating is currently improving with the means of stabilizing their currencies.

#### Gold for Stabilization

The gold sales to Brazil are mistakenly believed by some business men to be the equivalent of dollar credits for potential new business. This is not so. Two years ago an agreement was made with Brazil which would allow the Rio de Janeiro government the right to buy gold (up to \$60,000,000) in this country with any excess of dollar payments which it might accumulate in New York. The purpose was to help Brazil establish its currency

on a gold standard basis. Stabilization would automatically aid trade between the two countries.

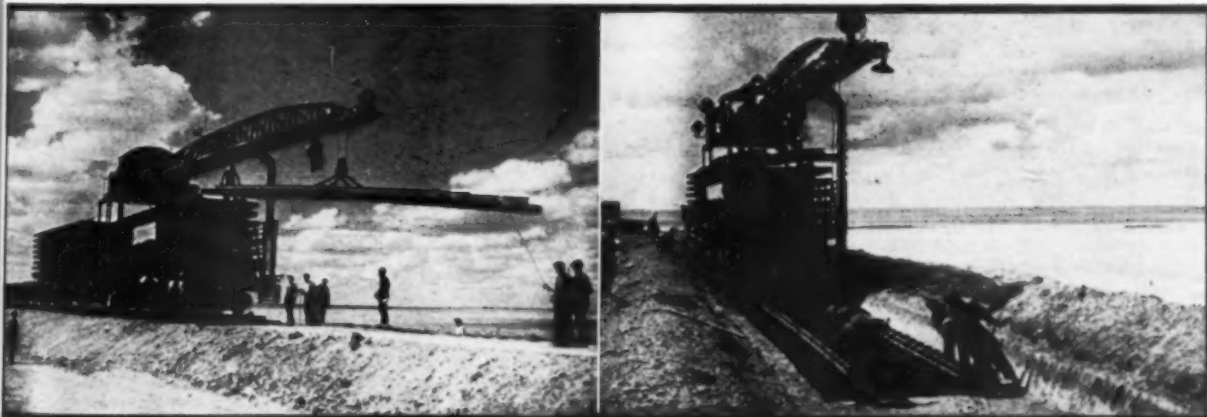
Recent large Brazilian purchases in this country—14 second hand ships for \$3,500,000, and locomotives and railroad equipment worth \$8,000,000—have been made with the aid of the Export-Import Bank which has agreed to discount the notes received by the United States companies as payment on the transactions.

#### Explaining the U. S. Program

More important, as far as Brazil is concerned, are the continued efforts which are being made by the government and certain private interests to boost United States purchases of Brazilian goods. There are several reasons for the program: (1) The United States is eager to help take up the trade slack in Brazil caused by the loss of a large German business. (2) This country would like to encourage the production in the western hemisphere of a number of strategic, tropical raw materials which are now largely imported from established but remote markets. (3) Greater political stability will be established in Latin American countries if this country—which is economically far more mature—will help to exploit their rich resources. (4) There is genuine alarm over the possibility of a troubled Europe turning aggressively to South America, at first only for raw materials and market outlets but later, possibly, for colonial expansion. The Administration, by planning a conscientious, long-term program of friendly economic cooperation hopes to put new life into the Monroe Doctrine.

Supplementing the official thinking along these lines, the Department of Commerce is sponsoring a number of conferences with business men in various fields who can cooperate in this program to their own advantage. Most recent was

### Railroad Building—the Russian Way



Two major problems which snag the steady development of Soviet Russia are inadequate transportation and a shortage of trained workers. Helping to solve

both problems is a new track-laying technique. Rails are spiked to ties at the factory; whole sections of track are then laid by this machine.

the conference this week with a number of executives in the retail trade. Purpose was to acquaint them with the supply possibilities in various Latin American countries. In certain food lines, Latin America can send tropical, non-competitive novelties. Retailers would like to find in these countries adequate substitute supplies of the handicrafts which have until recently been supplied by Central Europe and Germany. So far standards of quality have been a handicap. These aspects of the Latin American situation, rather than the first war-inspired visions of a new bonanza market, are beginning to hold the attention of business men. Watch Washington for some decisive new moves in the near future which will further the program.

## Canada Clears Decks

**Business tone improves as Quebec question is settled and U. S. embargo is lifted.**

OTTAWA (Business Week Bureau)—Business sentiment improved in Canada this week with the success of the pro-Ottawa faction in the Quebec provincial elections, the lifting of the arms embargo in the United States, and the prospect that Britain and the Dominion will soon iron out some of the controversies over prices which have delayed the buying of Canadian foodstuffs by London.

Most important immediate effect of the defeat of the Duplessis government in Quebec's provincial elections last week is the assurance that no national election is now necessary this fall. The Ottawa government and the whole Canadian government are free to apply themselves to the country's war efforts. French-Canadian Quebec still looks to the King-Lapointe federal administration as its best assurance against conscription.

### Power-Seaway Plan Reappears

Less directly connected with the war is the effect of the Quebec election in encouraging the revival of the St. Lawrence seaway and power development project. The new Liberal government in Quebec owes its victory to the intervention of the Ottawa government, so Ottawa is now in a position to put pressure on Quebec to modify its resistance to the St. Lawrence scheme.

Joint opposition of Ontario and Quebec prevented Ottawa from considering the new draft of the waterway agreement which was submitted by Washington 18 months ago. In a spirit of war cooperation Ontario's Premier Hepburn has already withdrawn his opposition and Premier-elect Adélard Godbout of Quebec can repay his debt to Ottawa by swinging his province into the same position. The Canadian Pacific Railway has also been won over to the government's side by the prospect of a vast industrial

boom in the Dominion stimulated by Britain's purported \$3,500,000,000 program to make Canada a vast arsenal for the Empire.

Nevertheless, reports in the Dominion of President Roosevelt's new activities in trying to revive interest in the St. Lawrence project stirred a fresh storm of protest in Montreal, which resents the prospect of losing the profitable transshipping business which it gets as long as the St. Lawrence is not made navigable above this old shipping capital.

Canadian business generally is push-

## Materials Mobilization



Another example of a government effort to regulate business in a war economy is Japan's "Materials Mobilization." Posters, like this at a bus stop in Tokyo, call on Japanese business men to report stocks of specified materials, in the government's drive to take over old warehouse stocks, dating back before the period of full control of foreign trade.

ing above the high levels of 1937. Steel ingot production is 70% above last year's levels. Heavy industry is steadily boosting output on large orders from the Canadian railroads, and from the British and Canadian war purchasing boards. Sorel Steel Industries, Ltd., at Sorel, Quebec, have recently been incorporated and will be ready by the end of the year to expand production of large French and British war orders in plants now under construction.

Forward buying of Canadian newsprint by United States consumers which commenced with the outbreak of war is tapering off, due partly to the continuation of the \$50 price for the first quarter of 1940 and partly to the uncertainty over the duration of the war.

## Imperialistic Soviet

**Molotov speech confirms economic designs behind policy of Russia in world crisis.**

Moscow (Cable)—Premier Molotov pulled no real surprises this week, but his much-publicized restatement of Russian foreign policy made more apparent than ever the economic philosophy underlying the Kremlin's course in the world crisis.

Clearly the aims of the U.S.S.R. are imperialistic, and any aid given to Germany is secondary, and incidental, to the larger game of penetrating the Baltic states and the Balkans. In this program, Moscow is working on the principle that friendship must be backed by trade.

Russia has had to hold out economic advantages as bait in its efforts to lure Finland within the Soviet orbit. Trade requirements of other Baltic states must be met, since Moscow cannot afford to let them turn to any other country. Likewise, trade needs of the Balkans must be cared for, if Russia is to make good its intention of keeping the Germans out.

The Soviets know that political influence quickly follows economic penetration. This knowledge spells trouble for Germany's hopes of finding in Russia a limitless source of supply which would enable her to carry on a long war and nullify the British blockade. Molotov gave but little encouragement to Germany in his speech, although a German trade commission has been working in Moscow for several weeks and a Soviet commission is now in Berlin, ostensibly placing orders.

### For Trade, Not for War

More than ever, it appears, Moscow wants to avoid war. No matter how much Hitler wants to draw Russia in, Stalin is burning no bridges behind him. At the Kremlin it is well known that the embattled Germans want more than they are able to pay for in goods or gold. It is taken for granted that the Soviet Union must keep lanes open for traffic with other countries, and build up an available surplus of potential exports.

Improved relations with Japan, which Russia sincerely wants, would be an empty affair without increased trade. Hence, Molotov's declaration on Japanese trade talks, which may have begun already.

The rubber-tin agreement with England is expected to be amplified with similar Russian-British pacts in the near future. That Russia, in negotiating for United States rubber, has been acting as Germany's agent, seems improbable. Russia's own rubber supply, while increased lately, is still inadequate for internal needs.

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# WAR BUSINESS

REGULATIONS • WAR ORDERS • TRADE CONDITIONS

## What Will Allies Buy?

Airplanes and machine tools will get first orders. Purchases won't follow 1914-1918 pattern.

DREAMS OF HUGE WAR ORDERS from Europe this winter have been dimmed by two months of inactivity on the Western Front, but settlement of the neutrality issue in Washington has stirred interest in immediate business in a few lines.

Airplane manufacturers will get some

of the first, and probably the most spectacular, orders (page 17). Both Paris and London may supplement orders which were not filled when the beginning of the war and imposition of the embargo put an end to shipments. Volume of business placed from Europe is likely to run fairly high, at least for the year or more that will be required to organize mass production in Canada.

Big machine tool orders are also likely to be placed. These have been held up, not because machine tool shipments have

been restricted by the embargo, but because Canada and Europe have delayed orders until they knew whether it was going to be necessary to tool up for production at home or buy planes in this market. Unlike conditions which prevailed before the last war (see table below), the pickup in machine tool purchases started four years ago, reaching a peak in 1937 when Britain inaugurated her \$7,500,000,000 rearmament program. Despite large British and French machine tool orders, the Soviet Union and Japan continue to be outstanding customers.

A few European orders for shells are in the offing, but big business in munitions is not expected until fighting on the West Front becomes active.

Insiders declare there is little reason

## U. S. Exports of War Materials in World War and Postwar Periods<sup>1</sup>

Country and Commodity <sup>2</sup>	1914	1915	1916	1917	1918	1936	1937	1938	(8 mos.) 1939
<b>UNITED KINGDOM</b>									
Munitions (dollars).....	228,975	18,583,652	273,039,733	325,965,985	177,519,594	574,726	2,201,360	4,542,902	24,916,488
Chemicals (thousand pounds).....		224		62,877	43,261	234,940	323,199	296,449	224,594
Nonferrous metals (thousand pounds).....	230	10,198	3,497	18,418	32,412	30	515	336	19
Machine tools (dollars).....	3,178,630	12,294,801	20,437,803	16,299,854	18,395,528	11,793,291	19,870,465	15,634,565	18,015,480
Iron and steel (long tons).....	42,913	246,435	305,659	684,942	943,200	5,691	306,635	71,870	996
Cotton (thousand bales).....	3,457	3,727	2,684	2,756	2,319	1,231	1,514	808	230
Crude petroleum (thousand barrels).....	(a)	92	1	23	12	160	753	89	343
Wheat (thousand bushels).....	28,025	65,912	53,550	67,976	15,130	197	6,562	25,070	22,842
Wheat flour (thousand barrels).....	2,810	4,156	3,145	3,016	10,056	44	97	201	23
Sugar (thousand pounds).....	1,515	264,843	932,458	198,713	77,713	61,971	74,659	71,087	43,660
Canned meat and fish (thousand pounds).....	66,177	130,716	156,333	121,162	97,068	50,535	49,154	53,775	31,299
Leather and rubber mfrs. (thousand pairs).....	1,198	1,581	3,520	3,967	473	227	201	377	301
<b>FRANCE</b>									
Munitions (dollars).....	48,740	15,325,792	83,166,727	120,814,006	96,354,656	528,290	324,996	992,033	17,615,984
Chemicals (thousand pounds).....	108,640	15,241	17,920	51,468	33,223	246,314	342,641	263,830	128,092
Nonferrous metals (thousand pounds).....			134	942	4,020		145		
Machine tools (dollars).....	1,771,525	8,695,826	13,316,702	29,254,379	20,270,530	2,302,097	4,947,293	5,849,340	12,026,365
Iron and steel (long tons).....	650	3,275	610,890	1,004,239	701,344	413	14,478	15,471	210
Cotton (thousand bales).....	1,091	596	646	629	526	719	726	450	97
Crude petroleum (thousand barrels).....	719	60	127	30	8	7,463	10,066	16,743	11,091
Wheat (thousand bushels).....	5,537	49,879	21,803	16,253	3,838	67	589	867	203
Wheat flour (thousand barrels).....	13	2,149	2,887	1,429	4,845	12	11	12	13
Sugar (thousand pounds).....	1	240,176	350,296	478,968	270,694	676	697	(a)	392
Canned meat and fish (thousand pounds).....	96	7,058	12,590	20,365	40,885	508	2,495	3,167	997
Leather and rubber mfrs. (thousand pairs).....	150	2,843	711	753	1,842	6	11	5	6
<b>CANADA</b>									
Munitions (dollars).....	1,173,809	3,205,992	12,708,553	44,260,621	8,489,066	1,148,573	2,246,987	3,829,015	1,990,957
Chemicals (thousand pounds).....	42,479	74,290	99,796	156,565	205,051	431,431	524,589	290,821	212,662
Nonferrous metals (thousand pounds).....	46	34	4,154	7,434	7,215	4	13	4	5
Machine tools (dollars).....	1,199,356	1,813,188	6,464,332	7,780,396	3,751,327	3,974,491	7,580,387	5,059,146	3,455,885
Iron and steel (long tons).....	1,352,242	546,444	1,216,231	1,472,252	1,537,318	681,737	1,336,941	639,056	475,272
Cotton (thousand bales).....	147	172	190	164	200	268	284	241	122
Crude petroleum (thousand barrels).....	1,270	2,359	2,775	3,320	3,894	25,683	28,080	24,845	17,264
Wheat (thousand bushels).....	4,125	19,665	6,245	4,715	253	54	5,605	5,966	3,160
Wheat flour (thousand barrels).....	123	111	50	77	83	15	55	80	44
Sugar (thousand pounds).....	419	989	642	842	11,936	4,803	6,402	4,219	2,221
Canned meat and fish (thousand pounds).....	3,719	2,248	8,075	17,186	13,672	6,919	6,371	3,847	5,931
Leather and rubber mfrs. (thousand pairs).....	2,030	1,383	1,413	2,000	1,627	276	386	601	565

<sup>1</sup> 1914-1918: years ended June 30; remainder: calendar years.

<sup>2</sup> Munitions: explosives, ammunition, firearms, and aircraft; Machine tools: power-driven metal-working machinery; Chemicals: benzol, muriatic acid, glycerin, anhydrous ammonia, chlorine, carbon black, sulphur, superphosphate; Nonferrous metals: copper and zinc; Iron and steel: pig iron, iron ore, billets, blooms, ingots and slabs, structural steel; Cotton:

raw, excluding linters, except in 1914; Crude petroleum: 42-gallon barrels; Wheat: all grades; Wheat flour: of U. S. and of foreign wheat; Sugar: refined; Canned meat and fish: beef, pork sausage and other, salmon, sardines, mackerel, shellfish and other; Leather and rubber manufactures: footwear only.

(a) Less than 500 of a particular unit.

Data: National Industrial Conference Board



## The War Week in Business

### At Home

**Regulations**—Revision of the Neutrality Act, main issue before the 5-weeks old special session of Congress, continued this week to be the most important and far-reaching governmental activity (page 15). However, the government's financial plans for Latin America attracted interest also. At present United States citizens hold a bag with more than \$1,000,000,000 in defaulted Latin American bonds in it and the Administration is working on a plan to assist a South American country, assumed to be Colombia, to resolve its default problems. This plan may become a model for other similar deals (page 41).

President Roosevelt is reorganizing the international joint commission which would negotiate a Great Lakes-St. Lawrence waterways treaty between the United States and Canada. At the same time, the election of a liberal government in Quebec friendly to the pro-waterways Federal government in Ottawa, and Canada's war power needs make that country interested in reallocations of power and in the seaway. No discussions have been held as yet.

**Trade Conditions**—Envoys of all the Latin American countries were invited to discussions in Washington (Department of Commerce) this week. Subject: ways and means of increasing exports and imports between their countries and the United States.

**War Orders**—Aircraft engines, produced in quantity by only two American companies (Pratt & Whitney and Curtiss-Wright), are the bottleneck in aircraft production. Since Canada expects to place an order for \$100,000,000 worth of training planes, and other large foreign orders from belligerents are anticipated though factories are already swamped (page 17), South American buyers fear they may be stymied on their orders. Both Argentina and Brazil are rumored to be planning engine assembly plants.

Meanwhile, a Swedish aircraft buying mission, interested in buying about 100 planes, joined the military pilgrims here.

Russian overtures to private firms for 10,000 tons of rubber have been responsible for official warnings against selling America short on strategic materials, according to informed sources. Russia, with fairly large crude supplies in warehouses, is accused of acting as an agent for the Germans.

**Shipping**—In 59 days of war on the seas, 88 British, French, and neutral ships have been sent to the bottom, a total of 359,140 tons. The crew of a German freighter opened her sea cock to avoid capture, brought German ships sunk up to five (20,653 tons).

Besides having diplomatic repercus-

sions, the capture of the City of Flint sent American marine insurance rates up \$1 per \$100 to \$3.50 per \$100 on cargoes in American ships bound for allied ports—runs to be abandoned under the cash-and-carry neutrality plan.

The Japanese steamship line, Nippon Yusen Kaisha, plans to add 24 ships, including 17 passenger boats, to its fleet as a result of the withdrawal of so many German and British vessels from normal service.

### —And Abroad

**France**—Dramatically illustrating the economic character of the war, the government has demobilized 100,000 soldiers of the class of 1910 and at the same time issued strict regulations drafting workers for French industry. Also, the French have made it plain that they are going to try to finance the early stages of the war solely by short-term borrowing. Interest rates on earlier 6- and 12-months Treasury bonds have been raised  $\frac{1}{2}\%$  to  $3\%$  and French investors are being propagandized to buy a range of bonds maturing serially in 6 to 36 months and with interest rates varying between  $2\frac{1}{2}\%$  and  $4\%$ . The estimated French budget for 1940, which was introduced before the Senate Finance Committee this week, contemplates expenditures of \$7,922,000,000, six times as much as is being spent in 1939. This figure, according to Paul Reynaud, Minister of Finance, may be revised upward as 1940 progresses.

**Great Britain**—Grievances arising from unrestricted press censorship and other emergency restrictions were aired in the House of Commons this week. Conciliatory measures have been promised by Prime Minister Chamberlain. Due to drastic regulations at home and the disruption of shipping, England's imports and exports in September were cut to little more than half of last year's levels.

A trade delegation will be sent to Madrid soon to negotiate a commercial treaty between England and Spain. Discussions last August were fruitless, but the pressure for a flourishing Anglo-Spanish trade is greater now.

While action on a dominion status for India has been deferred to the end of the war, she will take her seat at pending dominion conferences in London on a basis of complete equality.

**Germany**—Issuance of tax certificates, backbone of Germany's original war finance plan, was discontinued this week. There was a buying rush for these high-yield certificates which also carry taxation benefits.

For the duration of the war, wages will be frozen at present levels. Overtime pay, which workers have not received since the outbreak of hostilities, will be handed directly to the state by employers as a kind of wartime tax on

labor. Wage cuts are also forbidden. Across the Rhine the French government increased its share of its workers' overtime pay from  $33\frac{1}{3}\%$  to  $40\%$ .

**Russia**—The gold which the Soviet Union deposited to its account in the Netherlands bank last week will be used to buy tugboats and freighters there. Persistent rumors from informed sources indicate that Russia would like to take title to German vessels in refuge in Soviet ports, paying for them with raw materials needed by the Reich.

**Canada**—The Defense Purchasing Board placed contracts with five Canadian railway-equipment companies for 4,575 freight cars and 47 locomotives, worth \$25,000,000. Inadequate ocean shipping facilities have made it necessary for Canada to contemplate transcontinental rail shipments from Vancouver to the east coast for the major portion of western exports.

"Enemy alien property" is being liquidated by the Canadian government. Under the War Measures Act, Canada will act as custodian of such property for the duration of the war. About 2,100 cases have come up for consideration. Also, about 1,000 enemy aliens have been interned.

**China**—The Wah Chang Trading Corp., New York, has been awarded the first contract to supply United States' military forces with tungsten ore.

Meanwhile, rumors from Paris indicate that Russia and Germany may trade captured Polish armaments for China's tungsten, iron, and other essential ores.

**Italy**—A propos of a series of celebrations of the 17th Anniversary of Fascism, during which Achille Starace (until this week's political upset in Rome, secretary general of the Fascist party) solemnly opened a new Institute of Fascist Mysticism, it was announced that Italy will spend \$873,800,000 on a new armaments program.

**Japan**—Preliminary talks on a Soviet-Japanese trade treaty are under way. Also, the Japanese are said to be shifting balances from London to New York, as a result of the new yen-dollar tie. Consequently, the value of the pound (to which the yen had been previously pegged) has been depressed slightly.

Tokyo, it is rumored, is as interested in buying German ships as the Russians supposedly are. Nazi ships hoveled to in neutral Far Eastern ports would be paid for in goods.

However, trade experts have small faith in the ability of the trans-Siberian railway to deliver goods to Germany. In the past, deliveries over this route from Japan have been "slow and uncertain."

The war boom continues to pay big dividends (10% to 30%) to Japanese industrialists.

to expect heavy Allied buying of many of the lines which featured the 1914-1918 business. In 1914, Britain was almost wholly dependent on foreign lead and zinc smelters for her refined supplies. Today, the British have some of the largest refineries in the world.

In the last war, the British were forced to buy almost all of their copper abroad, except for small supplies from Australia. Today, British-controlled supplies from Africa can more than meet their needs.

Practically all of the nitrate used by the Allies for munitions in the last war came from Chile. Imports of this one item were worth more than \$250,000,000. Every major power today can meet the bulk of the war requirements with synthetic nitrogen.

Britain has adequate credits in Argentina to cover most of her requirements of wheat for a long time, and the Argentine is now able domestically to can large supplies of meat which during the last war were supplied from this country.

These are the facts which business leaders are keeping in the backs of their minds as they appraise the outlook for war business. It accounts for the conservative estimates of immediate business—except in a few lines.

## Canada Readies Orders

**Embargo lifting will make possible plane purchases in the United States.**

OTTAWA (Business Week Bureau)—Lifting of the arms export embargo in the United States will touch off a wave of war buying by Canada, in collaboration with Britain. The orders will bulk large during the next few months, but they will be confined to a limited number of lines and probably will taper off early next year unless fighting in Europe begins on a large scale.

Canada is expected to buy nearly \$100,000,000 of light training planes and engines for various kinds of planes which are being built in Canada now. The training planes are needed in a hurry to meet the demand of the new Empire pilot training school which is expected to turn out 25,000 pilots a year for the British. In addition, there will be orders for machine tools which have been held up until the passing of the neutrality law because of the uncertainty of the ability of the belligerents to fill their war needs in the United States.

## London Orders Dominion Copper

Britain's first really big war order—amounting to about \$50,000,000—came to Canada this week. It calls for 420,000,000 lbs. of electrolytic copper, which means nearly 80% of the Dominion's normal annual production. Supposedly, this will cover Britain's requirements for

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a year. Price paid by the British is reported to be about 11¢ a pound, and is payable in Canadian funds. International Nickel will supply about 237,000,000 lb., Noranda Mines about 70,000,000, Hudson Bay Mining and Smelting 50,000,000, Sherritt-Gordon and Waite-Amulet 24,000,000 each, Aldermac 8,000,000, and Normetal more than 6,000,000 lb.

### Buying Hits Price Snags

Beyond this, Britain still is doing very little war buying in Canada. London authorities claim that Canadian prices are too high, and that the Dominion should advance credits to cover initial big orders. Australian wheat, for instance, is being bought by the British at around 50¢ a bu. while the Winnipeg price is about 70¢. With this year's crop running to about 450,000,000 bu. elevator companies are forced to build additional storage space, and railroad cars are being filled. Adjustment of price difficulties will have to be rushed if western wheat is to move east by water before lake navigation closes.

The British have also fixed 12¢ a lb. as the maximum price they will pay for cheese for the army, but Canadian dairy interests claim they cannot possibly sell for less than 13¢. British buying of Canadian apples, formerly heavy, has virtually ceased, hitting Nova Scotia and British Columbia.

It is because of these problems that Canada's Minister of Resources has with him in London this week at the Empire conference a number of the Dominion's agricultural and marketing experts.

West Coast lumber interests are also threatened with trouble. Although Britain needs the timber (mine props from the eastern provinces and lumber from British Columbia), the British shipping ministry is allotting only a fraction of the number of ships necessary to maintain shipments. Appointment last week of the Canadian Pacific Railroad's president, Sir Edward Beatty, as representative of the British shipping ministry in Canada may help to correct the situation.

## Plane Exports Aided

**Anticipating repeal of embargo, Army and Navy ease rules. Six-month restriction removed.**

WASHINGTON (Business Week Bureau)—Anticipating repeal of the arms embargo, the Aeronautical Board of the Army and Navy has adopted a new "release" policy on aircraft. Although assuring the Army and Navy first call on the industry's productive capacity, the new policy will expedite exports of military aircraft. Planes which heretofore could not be sold abroad until six months after delivery had started on an Army or Navy con-

tract for that model now may be released for export as soon as they have been adopted as standard or as service types by either branch of the service. The six-month restriction also has been lifted from the export of aircraft engines of new design.

To aid manufacturers in negotiating export contracts before actual government release, manufacturers may, on request, be authorized to disclose to prospective purchasers general information on characteristics or performance. Detailed design and the manufacturing data are held back, but under previous regulations even general information was withheld until after delivery was made to the Army or Navy following acceptance tests. The notorious exception was, of course, the Douglas bomber which in a demonstration flight last February crashed with a French official observer aboard. The crash accidentally revealed the President's approval of a sales offer to a foreign government of a newly designed plane and aroused great furore in Congress.

### No Slow-Up for Army and Navy

The new policy has put official impetus behind the help which the domestic industry renders to Britain and France. The Army and Navy insist, however, that such export orders shall not interfere with deliveries to them, and that the cost of plant expansion entailed by foreign orders shall be covered in prices put on exports.

Manufacturers of aircraft, engines, propellers, and other accessories have been requested to notify the respective chiefs of the Army Air Corps and the Navy Bureau of Aeronautics whenever a contract is being negotiated for deliveries to foreign or domestic customers other than the U. S. government. The Army-Navy policy on release of aircraft stems from the Espionage Act of June 15, 1917. It is entirely distinct from the granting of export licenses by the State Department.

### Wartime Contract Form

ASSISTANT SECRETARY of War Louis Johnson has approved a contract form which the army would use in wartime for construction of cantonments, barracks, airports and military roads. The contract, based on a fixed amount rather than cost plus, makes the decision of the Secretary of War final on all points of dispute. On the assumption that price controls would prevail in wartime, adjustment is provided to meet changes in costs or wages ordered by a state or federal agency. If the Army is not satisfied with the speed shown, it may take over the job, using the contractor's equipment. If the government decides to terminate the work before it is finished, the contractor will be paid his actual costs, plus an agreed percentage.

## Square P

SPEAKING of personnel management, a meeting of the Association of Personnel Managers of the Gas Co. that is getting from through "Mental activities, tests of performance," distinctly im out the pot these measur performance of success to known."

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## THE TRADING POST

### Square Pegs for Square Holes

SPEAKING LAST WEEK to a group of personnel managers and other executives at a meeting of the American Management Association, Guy W. Wadsworth, Jr., personnel manager of the Southern California Gas Co., sounded off on a subject that is getting more and more attention from thoughtful management.

"Mental ability tests or their derivatives, tests of aptitude and of task performance," said Mr. Wadsworth, "have distinctly improved our ability to weed out the potentially unfit. Results with these measures have been checked against performance on the job, so that the ratio of success to failure in hiring is definitely known."

For many years large sums were spent by industry to provide the facilities and resources needed to test the inert machines and materials it used. But selection of the human element in its operations was left largely to chance, hunch or the self-selling capacity of the applicant. And the wastage was enormous. The employer wasted his time and his money; in many cases the employee wasted his life.

Today management is taking a closer and keener interest in this vital process. And, as Mr. Wadsworth points out, the results are beginning to make themselves felt. The trend of the times, especially that toward more effective conservation of human resources, is bound to vest the process of fitting the man to the job with more and more importance.

### On Smearing

WHEN THE DIES COMMITTEE published the names of federal employees found on the membership and mailing lists of the so-called American League for Peace and Democracy, it invoked the same smearing tactics that not so long ago were used by the left-wing crowd in the federal administration to discredit the Dies Committee itself. In judging the committee, therefore, it's well to remember that some rather high-ranking federal office-holders have not been above taking a foul poke at the committee.

But it's important to remember also that smearing is smearing, by whomever employed. It's not a bit nicer when used by the committee than when used against it.

On the basis of the evidence, each of us can judge for himself to what degree the league may have been subsidized by the Communist Party to forward communist objectives. Many well-intentioned organizations have found themselves in that fix. But it doesn't follow that everyone whose name gets on its mailing list is a member of the league, a sympathizer

with its objectives, or even fully cognizant of its true character. Anyone can put anyone's name on a mailing list: there's no law against that.

But when we hear the President and others getting indignant over this bust by the Dies Committee, we can't help wondering where they all were when the same committee published the mailing lists of Fascist organizations. We heard no resounding protests from those quarters then. Or when the Black Committee went on a smearing expedition via the wholesale seizure of private telegrams. Or when administration officials used income-tax publicity to smear opposition. It's only when left-wingers are the victims that high-minded New Dealers become sensitive to sordid methods.

That's exactly what worries a lot of decent people who want to be counted on the liberal and progressive side in dealing with our economic and social issues but who still are loyal to our present order. It's not that they think for a minute that the responsible administration in Washington actually is conniving to overthrow the American system in favor of communism. But it's mighty disheartening to them to see how complacently New Deal leaders and spokesmen can tolerate or participate in attacks on American business and how sensitively they resent anything that discredits communist propaganda and leadership.

So far as they are concerned, you can smear American industry to your heart's content, you can take an off-side swing at an American business man any time he leaves an opening, you can impugn the honesty and efficiency of American business whenever there's an excuse, you can wax sarcastic at the expense of anyone who has prospered under the American system—all this you can do in the name of high-minded liberalism and without rebuke from the leaders of the American government.

But, as in this case, just take a swipe at the left-wing and its travelers and see what happens to you! And that is just what bothers the average American who still prefers what we have in the American system and who would gladly follow a leadership honestly devoted to preserving that system and making it work better. But he can't reconcile with such constructive leadership a consistent policy of harsh condemnation for American business and business men, coupled with so excessive a consideration for the alien-inspired elements that are committed to their overthrow.

But for all that, the Dies Committee is not smart when it hitches its case to a mailing list. In doing so, it simply justifies appeal to popular sympathy. W.T.C.

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# BUSINESS WEEK

*With Which Is Combined The Magazine of Business*

November 4, 1939

## After The Breathing Spell

WITH THE PASSAGE of the Neutrality Act, the 1939 "breathing spell" in the domestic debate will be ended. It has been a "breathing spell" for both business and government. Business has, for a while, felt freer to go about its affairs without keeping its guard up to meet the kind of political assault that has been familiar since it became a whipping boy for political blunderers. Government officials have been, for the most part, too busy with the war to find time for the lash. The distractions of Europe and the recovery of business itself have granted the government a "breathing spell" from the pressure of those domestic problems with which it has been so long and so exclusively concerned.

There has been both good and bad in this. The good lies in the fact that tempers on both sides have been given a chance to cool. The common danger from the outside should foster more reasonableness among those who clash on the question of how we should deal with our internal dangers. The example of Europe may teach us something about the perils of an intransigence that drives men of good will to the far left when democratic processes fail to give scope for progressive thinking, to the far right when democracy offers no insurance against sudden and arbitrary reform. We need time to grasp the realities of our problems and the world-background in which they are set.

THE BAD THAT IS THREATENED by this 1939 "breathing spell" lies in the possibility of its being too long protracted by the design of those who have an interest in escaping the challenge of our domestic ills and by the negligence of those who mistake the effects of a shot in the arm for fundamental improvement. An armistice in politics and a truce in our long war against economic evils is all very well for the period needed to build an emergency line of defense against the epidemic of war, but it's time we got back to the job that needs to be done behind the line. And it is not true that we must sink our differences and organize a rigid common front to attack this job. Theoretically that would be fine, but practically it could only mean organizing blindly under the leadership of the State—and the time has not yet come when we must give up a system of government by mutual adjustment and compromise of differences, must abandon the slow, safe pace of democracy for the goosestep march of Berlin. Only our own entrance into the war could make that necessary and only an absolutely necessary entrance into the war could justify it even temporarily.

Having adjusted our national policy to the emergency situation in Europe, Congress again faces the necessity of adjusting our laws to the emergency situations at home. Time has created new situations affecting several pieces of legislation that are now clearly out of date. For, example, the new situation that has grown up in the area of business practice covered by our anti-trust laws, now being studied by the Temporary National Economic Committee. It was a healthy sign when Leon Henderson, member of TNEC and sometimes labelled a left-winger, said at the close of the committee's recent oil industry investigation: "It seems to me that we have got something decidedly different from the commonly accepted ideas of what produces free and complete market competition, and that the sooner the essence and the realities of this industry are understood, the sooner the industrial problems can be dealt with." Congress must still face those realities.

AGAIN, FOR EXAMPLE, a new situation has developed on the labor front. It is a situation which has been directly created by the attempt to freeze labor relations by law before their realities had been adequately studied. The Wagner Labor Relations Law has been tried long enough and has been found wanting—not alone by the employers at whom it was aimed but also by labor itself. The realities of labor relations, taught by experience under this law, now indicate conclusively that denials of employer rights and of minority labor rights cannot make for labor peace and that amendments of the Wagner Act along the lines recently suggested by the Chamber of Commerce of the United States must get consideration without further stalling.

And these are only two of many instances of domestic problems which the war emergency cannot be allowed to shove aside. Our most pressing emergencies predate Sept. 1.

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